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# Labor & Agriculture

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## Welcome

W. B. Bell

Dean of Agriculture

Virginia Polytechnic Institute

I would like to welcome each of you to Virginia and to Roanoke. Virginia Tech is happy to co-sponsor this regional agricultural policy meeting with the Agricultural Policy Institute at North Carolina State University. It is always a pleasure to work with Ed Bishop and the Agricultural Policy Institute.

Over time the farm labor problem has been characterized as one in which there have been persistently low returns for labor services in farming. Although there are variations between states and regions, the return for labor services in farming are lower than returns in non-farm employment. This characteristic is not only true of the United States but true for virtually all of the industrial nations.

For many years there has been a transfer of manpower from farm to non-farm employment. The government, through its policies, has long influenced geographic transfers of manpower from farm to non-farm jobs. The South and Southeast are still characterized by surplus manpower and under-employment on many farms.

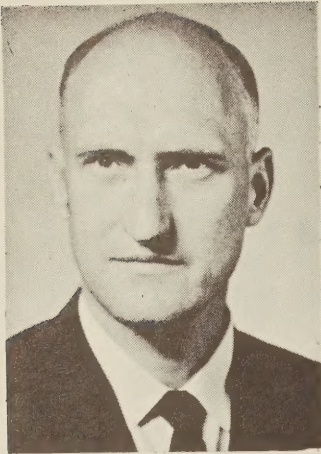
Since the mid-1930's, technological innovations in U.S. agriculture have been occurring at a very rapid pace. These technological improvements have meant substitution of capital for labor and have reduced the amount of output. The technological improvements and innovations have also meant increased farm output which have resulted in surpluses of many farm commodities. The surplus of farm commodities has, in general, meant a lower price. Thus, farm people have had to choose among non-farm occupations in an effort to increase returns for their labor or lower returns for the same amount of labor in farming.

The current Congressional debate on minimum wages with its potential impact upon Southeastern agriculture is of great significance to everyone in this audience. This legislation could be as far reaching and perhaps more far reaching than commodity legislation sponsored by the U.S.D.A.

With unemployment at record low levels of 3.7%, the incentive has been provided to move some farm labor to non-farm employment. This movement of farm labor is coming at a time when there is increased emphasis on additional amounts of food to provide the American population as well as new emphasis on large food aid programs for the developing countries.

This regional conference is timely and should provide some of the answers to this very complex but vital subject of labor and agriculture. Again, welcome to Virginia.





## Farm Labor--Problems and Possibilities

by

C. E. Bishop, Executive Director  
Agricultural Policy Institute  
North Carolina State University

My task is to focus on three points. 1) What return do people get for their labor services in farming and why is it what it is? 2) What is happening to the employment potential of farming and why? 3) What are some of the emerging problems and issues that we are going to be facing in the days ahead? I would like to take my cue from the Manpower Report of the President which has just been released. Chapter 7 of this Report presents a very good summary statement dealing with farm labor.

It is significant that we have before us a Manpower Report of the President that focuses upon farm labor and some changes that are going to be made in this area in the future. Let me read a couple of paragraphs: "Farm people continue to face severe problems of underemployment and poverty. The average per capita income of farm residents is less than two-thirds that of the non-farm population. The very abundance of farm production has created downward pressures on farm prices and incomes, requiring government actions to stabilize prices and production of some crops.

The wages and the working conditions of hired farm workers are generally far below those of non-farm workers. And such workers are generally excluded from the protection of social insurance and labor standards legislation which cover most of the non-agricultural work force. Beset by unemployment and underemployment, many farm workers travel from area to area to get enough work to earn a livelihood.

These problems have forced farm operators, hired farm workers, and their families to make major adjustments. Millions have left their farm homes to seek a new life and a new livelihood in urban areas, while a substantial number of smaller farmers have become hired farm workers. This mass migration has left in its wake hundreds of stagnating rural communities. It has also intensified, in the receiving cities, the problems of slum areas over-crowded with new arrivals attempting to adjust to urban life and work."<sup>1</sup> And I would add that it is not over yet.

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<sup>1</sup>Manpower Report of the President, U. S. Department of Labor, Washington, D.C., March, 1966, p. 119.



This is a very good statement to set the stage for our discussion this morning. As Dean Bell appropriately pointed out, the most significant aspect of the farm labor problem in this country is the persistently low return for labor services in farming. Although this persistence in low return characterizes all regions and all states, it should not be inferred that all farm families have low incomes, or indeed, that all people employed in farming get a low return for their labor. Two key points emerge in sharp focus. First, in comparison with the rest of our economy, a high proportion of the farmers and farm managers and of the farm laborers and foremen are in the low-income groups. While it would be a mistake to conclude that all farmers and farm workers are poor, a low proportion of them are in the high-income categories. This is clearly evident in Table 1.

Second, persons employed in farming receive a lower return for their labor services than persons in other occupations receive for comparable labor. Studies which have been made recently indicate that if we take a broad view of the farm labor situation in the U.S. that the return for farm labor would be something on the order of 30 to 40% less than the return for comparable non-farm labor. However, this varies a great deal from region to region and by size of farm.

Table 1. Family Total Money Income in 1964 for all Families and Those with Heads Employed in Farming

Total Money Income	All Families	Farmers and Farm Managers	Farm Laborers and Foremen
Percent	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Under \$1,000	1.9	12.7	9.0
\$1,000 to \$1,999	3.1	14.8	26.9
\$2,000 to \$2,999	5.3	17.3	24.2
\$3,000 to \$4,999	15.2	22.5	24.3
\$5,000 to \$9,999	48.0	24.6	12.6
Over \$10,000	<u>26.4</u>	<u>8.1</u>	<u>3.1</u>
Median Income	\$7272.00	\$3329.00	\$2423.00

Source: D.E. Hathaway, "Poverty in the Hired Farm Work Force," Michigan State University, 1965. Original data from Consumer Income: Income of Families and Persons in the United States in 1964. Series P. 60, No. 47, Sept. 24, 1965. U.S. Department of Commerce, adapted from Table 9, p. 29.

Farmers have rather heavy investments in land, machinery, buildings, equipment, and, in many instances, in livestock. We should certainly allow some return on these investments. No one wants to make an investment of \$50,000 to \$100,000 without receiving a reasonable return on it. If we allow a return to the capital invested on farms equal to the rate on new mortgage commitments, about 5.7% last year, we can determine whether the operators of the farms received a return for their labor equal to that which people received in manufacturing. The factors of age, sex, and education, for the farm labor force roughly approximate those of the labor force in manufacturing. Last year, the average wage rate in manufacturing was \$2.61 an hour. We might ask ourselves whether the operators of farms



received an equal return for their labor and management after deducting a return of 5.7% for investment in land, buildings, equipment, etc.

Farmers who are selling \$20,000 or more of products (about 14% of the farms in the United States) are getting such returns. On the average, after paying for hired labor and other production expenses and allowing a return of 5.7% on investment, these farmers receive a return for their labor and management which is roughly equal to, or maybe a little in excess of the return for comparable labor in manufacturing.

However, the vast majority of the farmers have not achieved the scale of operations necessary to realize such a high return for their labor and other resources. Accordingly, most farmers currently receive a return for their labor which is less than persons with comparable education and training receive in non-farm employment. In 1965, which was considered to be a relatively favorable year for farmers, approximately 70% of the farmers received a return for their labor and management services which was less than the national minimum wage. Most hired farm labor also received less than the national minimum wage of \$1.25 per hour. It should be clear from the above that production efficiency is greater on large farms. Farmers on farms selling more than \$20,000 of products annually receive a much greater return for labor and management than farmers on smaller farms.

Now let me say just a word or two about hired labor. Hired workers are generally more productive on larger farms. The wages paid to hired workers also increase with size of farm. Whether one uses monthly, weekly or hourly wage rates the average payment increases directly with the sales per farm. In every region in the United States the average wage rate paid increases with the size of the farm.

The South employs a large share of the hired farm labor. Mrs. Bowles in her talk this morning will emphasize this. Hathaway has pointed out that the South employs about half of the hired farm workers in the United States.<sup>1</sup> The biggest employer, of course, is the cotton farmer. Regular and seasonal employment of hired labor are concentrated on cotton farms. However, livestock farms also account for a considerable amount of hired labor.

It should be emphasized that the farm wage rate is low because farm workers have a low value productivity. The value of farm products produced with an hour of labor is low in comparison with the value of most non-farm products produced with an hour of labor. Now, why is it that the labor employed in farming has a low value of product?

We must obtain some understanding of this if we are really to understand that we have a great deal of over-capacity in the agricultural industry and that this ability to over produce in relation to our needs has driven farm product prices down, and has reduced the value of the product produced by farm labor.

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<sup>1</sup>Hathaway, op. cit.



Second, the productivity of farm labor is lowest in those areas where we rely quite heavily upon hand methods of production. This conference is being held in the heart of one of the lowest productivity regions in this nation--Appalachia. The Appalachian region of West Virginia, North Carolina, Kentucky, Virginia and Tennessee has a low productivity largely because we have not been able to mechanize the production and harvesting of our major crops. Many farm jobs are still performed by hand, resulting in low productivity.

Third, we have done a very poor job in rural areas in educating and training our people. Both the quantity and quality of education and training are inferior in rural areas. This lack of education and training reflects itself in low labor productivity.

Fourth, we have had a very heavy outmigration. The migration has been highly selective. Migration has been heaviest among those in the most productive age groups. The farm workers who remain behind are to a very considerable extent, people who have low productivity.

Fifth, the types of farm programs that we have had over the past 30 years have substantially increased the return to land in relation to the return to labor.

American agriculture has had a phenomenal dose of science injected into it during the past 30 years. The really big progress has been made in the last 30 years, starting about 1938. This injection of science came about in four ways. We started out with simple biological improvement such as improvements in varieties, strains, plant breeding and animal breeding. We also developed and introduced chemical improvements to help us in getting a higher conversion of feed into meat or feed into milk or higher yields per acre from plants. We developed mechanized and automated production processes to enable us to produce commodities with less labor. Each of these types of innovations--biological, chemical and mechanical--generated forces tending to reduce the amount of labor used in farming. Furthermore, these innovations have set in motion forces which have changed the structure of farming. The size of farms has increased rapidly while the number of farms has decreased sharply.

Because the changes have been so extensive, a lot of people have the view that these changes ought to be about over. Since World War II, we have reduced the input of manpower by more than half and we have increased our production by more than 40%. Average employment on farms has fallen from 10,000 in 1945 to 5,600,000 last year. This is a tremendous substitution of capital for labor. The largest decrease occurred in the number of farm operators and unpaid family workers. I want to argue that these changes have not been completed and that they are not likely to be completed at any time in the near future. It is not going to do us much good, in other words, to regard these as once and over changes because they are not once and over changes. The changes that are occurring are in essence a part of the kind of economic system that we have in this country. The greatest attribute of our economy is that it is one in which capital is rapidly accumulated and put to work. In our economy capital has become relatively low priced in comparison to manpower. This has meant that our research on new technology has been largely oriented toward finding new techniques which will substitute capital for labor. This is the way that we have made rapid progress in our country. This process has speeded up in agriculture during the last 30 years, and I think it will continue in the future because these changes are a normal complement of economic growth.



Let me take just a minute to focus on those who have left farms, the kind of jobs they obtained, and what has happened to them. As I said earlier, migration from farms has been highly selective, particularly with respect to age and education. Young people have less at stake in agriculture--their roots have not been as firmly established. They don't have as much investment in farming. They are much more inclined to migrate than the older people. Also, many of them have been more highly trained and educated so that they have better job opportunities in non-farm employment.

Recent research at North Carolina State University developed projections of off farm migrants during this decade. I would like to put two figures before you to emphasize the magnitude of this out-movement. Of the white males aged 15 to 24 who were on farms in the South in 1960, 83% will be non-farmers in 1970. The figure for the non-whites is 95%. In other words, we are going to lose 19 of 20 non-white rural farm males who were between the ages of 15 and 24 in 1960, and about 17 of 20 of the white rural farm males of the same age group. These figures are very significant in their implications for the farm labor force and for educational programs in rural areas. They present a real challenge to identify those young men who are going to stay in farming and help them to develop profitable and efficient commercial farms. It doesn't do any good to waste our resources on the 19 of the 20 non-whites who are going to leave or on the 17 out of 20 rural whites who are going to be leaving. The real challenge we face is in identifying those who are going to remain behind and to get them established in viable commercial operations. The figures also emphasize quite clearly the need for general education and for non-farm vocational training for rural youth.

What kinds of jobs do people go into when they leave farms? A recent study shows us that more than 70% of the migrants from farms go into "blue-collar" occupations--craftsmen, foremen, and non-farm laborers. There is some evidence that the percent of those going into these occupations is increasing over time. In view of the recent high rate of growth in employment in the "blue-collar" occupations, I expect to see off-farm migration speeded up.

However, not all of the people who migrate find what they thought they were going to find when they decided to leave. A recent study by Perkins indicates that the flow of people coming back is quite large. Many migrants didn't stay because they didn't like the city, or their earnings were lower than they had anticipated, or for some reason or another. This backflow is of sufficient size that we ought to be concerned about it. According to Perkins, "if this backflow had been zero, annual average reduction in the size of the labor force would have been 16% instead of about 4%.<sup>1</sup> Thus, there was enough backflow to give us a very different picture than what would have emerged without the backflow.

Now, what are the important emerging problems and issues? We have had striking changes taking place in the organization of American agriculture, and we are going to be making even greater changes in the future. The first problem I see is how to step up the mechanization of commodities in this region, especially those commodities where hand methods are still employed.

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<sup>1</sup>B. B. Perkins, Labor Mobility Between the Farm and Non-Farm Sector, Ph.D. dissertation, Michigan State University, East Lansing, Michigan, 1964, p. 114.



Second, we are going to be faced with further efforts to consolidate our farms into larger and more efficient size units. Some changes in our farm policies must be made in order to bring together large enough units to use efficient methods of production. I don't see any real hope for being able to increase returns for manufacturing and in other parts of our economy unless we can make more progress toward larger more efficient commercial farms.

Third, we are now experiencing a change in national farm manpower policy. The outcome could alter significantly the agricultural picture. In the past, manpower policy for agriculture has been made largely by default rather than by design.<sup>1</sup> Nearly all of the major labor legislation that has been passed since 1933 has exempted farm labor. The exemptions include the Farm Labor Standards Act, Social Security Act, Unemployment Insurance, Workman's Compensation and so forth, right on down the list.<sup>2</sup> Instead of having a policy which recognized the need for future planning for farm manpower we have emphasized agricultural policies and programs based upon control of commodities. We have developed special policies for land use and land conservation. We have provided subsidies to encourage farmers to make particular uses of the land. We have developed special credit programs to encourage farmers to make special types of investments. We have developed special educational programs, vocational agriculture, to train farm youth for farming and farm related occupations. In spite of the fact that the vast majority of our farm youth are going into non-farm occupations, we have done a very poor job of training farm youth for movement into non-farm occupations. Sooner or later we are going to have to reconcile farm manpower policies and national manpower policy and bring them more in line. This does not mean necessarily that we are going to be improving the mobility potential of farm people through training and other programs so that they can have greater flexibility with respect to non-farm occupations, as well as improving their education and training in order to increase their productivity in farming.

What are some things that a manpower policy should provide? I would start with taking a better look at the employment potential of farming. How much labor is likely to be needed in the future and where? How much manpower can farmers employ at reasonable rates of return? We also need a better system of counselling individuals concerning earning potentials in farming and in non-farm employment. We need to improve specialized training programs for those who are farming in order to make them more efficient. At the same time, we ought to expand non-farm vocational programs for those who have limited opportunities in farming and who will be going into non-farm work. In order to facilitate the transfer to non-farm occupations, we ought to provide special guidance and possibly relocation loans or grants for people who transfer. In brief, farm manpower policy should be focused primarily upon increasing the productivity of manpower and the returns for manpower, particularly in a long run context. Finally, as changes are made in government policy which will bring farm manpower policy more in line with national manpower policy farmers and rural people should be prepared for the adjustments that will follow. It is hoped that this conference will clarify the direction and perhaps the magnitude of these adjustments.

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<sup>1</sup>C. E. Bishop, "Dimensions of the Farm Labor Problem," Chapter 1 in Farm Labor in the United States, Columbia University Press, 1966.

<sup>2</sup>Manpower Report of the President, 1966, Chapter 7.



## Farm Labor and Commercial Farming

by

James S. Plaxico  
Oklahoma State University

Low levels of unemployment in the national economy, the possibility of changing concepts and levels of minimum wages, recent activities related to organizing agricultural labor, current legislation and administrative rulings regarding migrant labor, and a rekindled interest in human capital development and efficiency have tended to focus new interest on labor and commercial agriculture. In this paper, attention is directed only to labor in the farm and ranch production sector of agriculture. Implications are largely limited to relatively large scale units.

In the present paper, I review farm labor trends, outline the characteristics of the farm labor force, identify emerging problems with respect to labor and commercial agriculture, and consider possible future development and potentials as they appear to relate to public and private labor policy alternatives. Consideration is limited to the economic as opposed to the social aspects of agricultural labor as a resource in the national setting.

### Trends in the Farm Labor Force<sup>1/</sup>

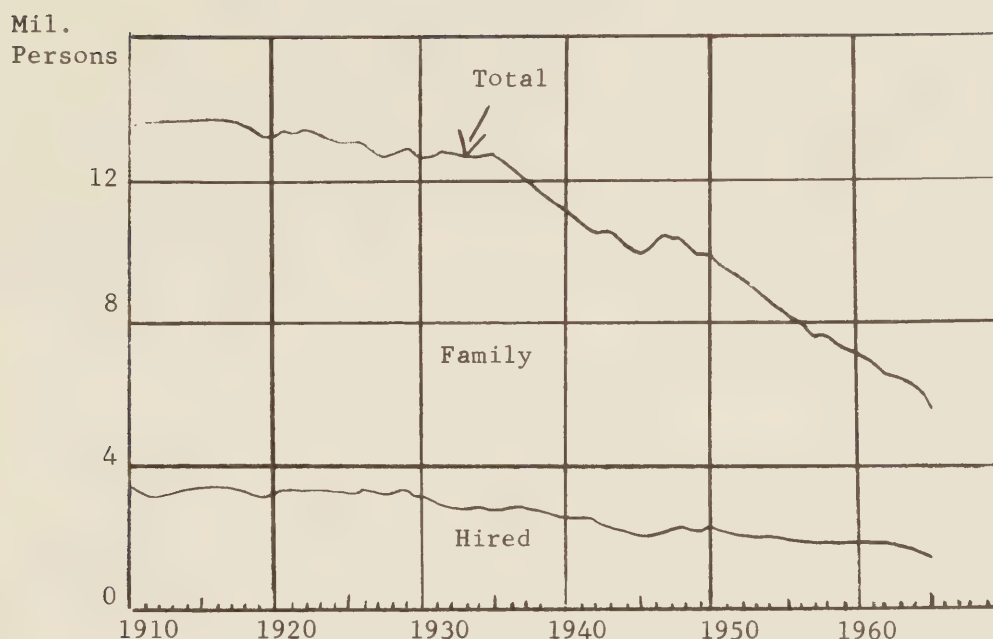
The general trend in the number of workers on farms and ranches has been downward (Figure 1). In 1910, the USDA estimated about 13.5 million farm workers compared to 5.6 million in 1965. In spite of the persistent overall downward trend there have been highly significant year-to-year differences in the rate of decline of farm worker numbers.

Over the period 1910-25, total farm workers remained relatively stable (Figure 2), declining only 0.5 million over the 15 year period and with the annual rate of change exceeding one percent in only four of the 16 years

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<sup>1/</sup> Farm labor force data are collected and published by both USDA and the Census. These two series differ as a consequence of definitional differences. USDA collects information from employing farmers and ranchers who report the number of persons working during the week, regardless of other jobs held by these workers. The Census estimates, on the other hand, are based on interviews with a sample of farm and non-farm households, and relate to persons 14 years of age and above. Thus USDA estimates include children under 14 years and Census estimates do not. This number is estimated in the summer months at from 1-1 1/4 million workers.

## FARM EMPLOYMENT



(Figure 3). The decline in farm workers accelerated in the late '30's when there was a million person decline over the four year period 1936-39, and the annual rate of decrease was greater than two percent in each year of the four year period.

During the first half of the decade of the 40's, farm workers declined somewhat less than a million. Major adjustments in the farm work force have occurred since 1950. Over the period 1951-65, the net decline in farm workers was almost four million with annual rates of decrease ranging as high as eight percent in 65.

Operators and unpaid family workers have constituted the major source of farm labor each year over the 1910-65 period. It appears that family labor will continue to be the major source of labor in agriculture for an indefinite period.

Despite the fact that the number of farm workers has been declining in recent years, total expenditures for hired farm workers rose rapidly from 1933 to 1943, and has been fairly stable at about 2.8 billion dollars over the past two decades (Figure 4). Thus, wage rates in recent years have tended to rise at about the same rate that worker numbers have declined. However, hired labor constitutes a



### Change in Number of Farm Workers During Year

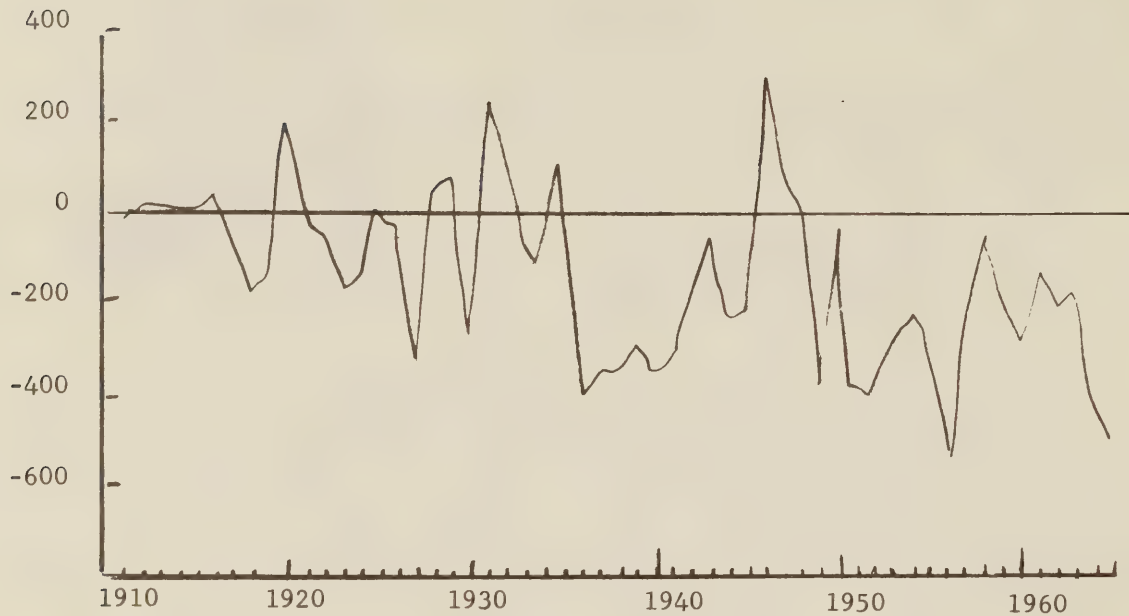


Figure 2. Net Change in the Number of Farm Workers by Years, 1910-65

### Percentage Change Farm Labor Force During Year

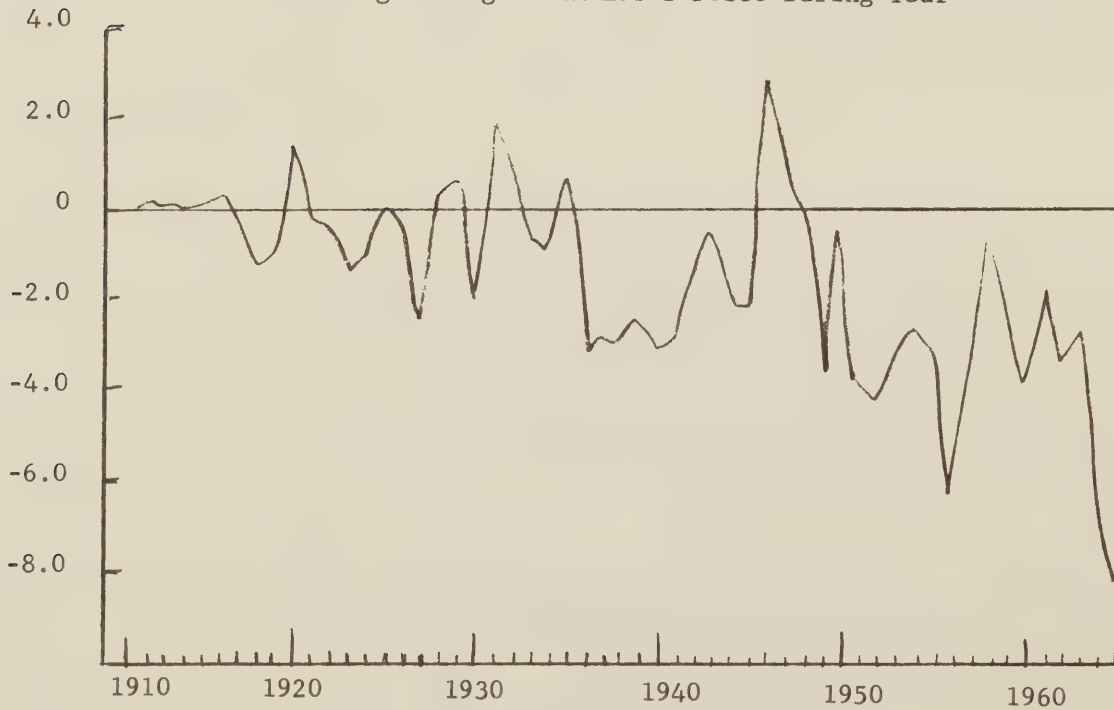


Figure 3. Net Rate of Changes (Percent) in Farm Worker Numbers, 1910-65

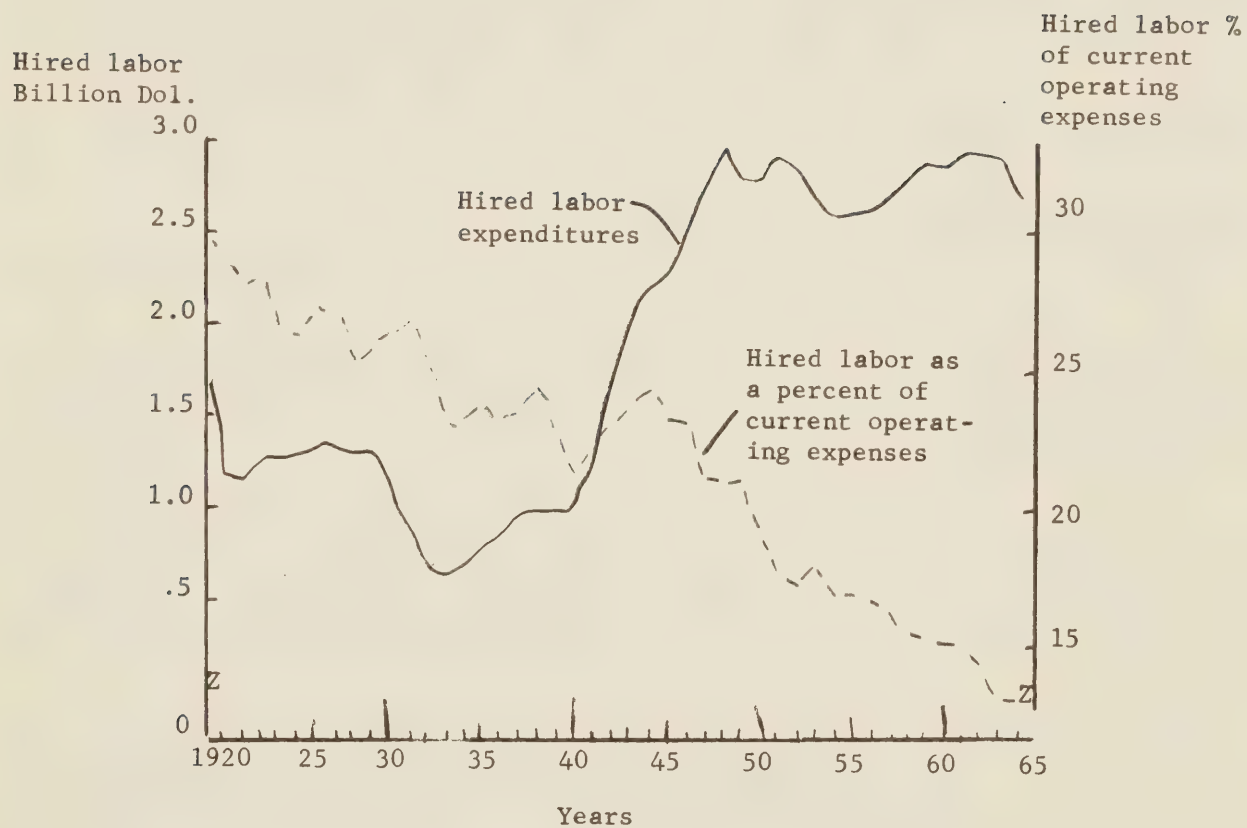


Figure 4. Total Agricultural Hired Labor Expenditures & Hired Labor As A Percent of Current Operating Expenses, 1920-64

decreasing share of current farm operating expenses. This change has been a significant trend since 1910. Over the 1910-14 period, hired labor accounted for approximately 31 percent of current farm operating expenses compared to slightly less than 25 percent at the end of World War II and 13 percent in 1964.

It should be noted that less than one-half of farm operators typically report expenditures for hired labor. The proportion of farm operators reporting no hired labor was 52 percent, 54 percent and 50 percent respectively for 1959, 1954, and 1949. <sup>1/</sup> Of the farm operators reporting expenditures for hired labor in 1959, 43 percent spent less than \$200, 64 percent reported less than \$500, and 75 percent reported spending less than \$1000. The percentages were essentially the same for 1954 and 1950. These data would seem to suggest that the recruitment, training and retraining of hired labor may not have been a significant consideration on a majority of farms in recent years. Another possibility is that hired labor was not used because it was not available.

#### Characteristics of the Hired Farm Work Force

A study and analysis of the hired farm working force over the decade 1948-57 provides several interesting insights. <sup>2/</sup> The fact that 7.3 million persons reported doing hired farm work sometime during the 1948-57 decade, compared to an annual hired force of about 3.5 million over that period, indicates the somewhat transitory nature of the hired farm work force. Three out of ten persons who reported hired farm work during the decade worked in only one year while about six had performed such work in all ten years.

The study indicates little difference in the average daily earnings of workers with the most and the least farm work experience. Thus wages of the hired farm worker do not appear to be related to experience. This study further indicates no relation between age and wages. However, workers with the most years of experience worked substantially more days at farm wage work in 1957 than the less experienced workers. Migratory workers worked about as many days in 1957 as non-migratory workers.

Most of the persons who left the hired farm work force during the decade of study had moved to jobs with high wages. Further, those persons who had been out of the hired farm working work force for the longest period had moved furthest from farm work, as indicated by both the job held in February 1958 and by shifts in residence from non-metropolitan to metropolitan areas.

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<sup>1/</sup> U.S. Census of Agriculture 1959, Volume II, General Report, Chapter 10, United States Department of Commerce.

<sup>2/</sup> James D. Cowhig and Sheridan T. Maitland, An Analysis of the Experienced Farm Working Force, 1948-57, Agricultural Information Bulletin Number 225, United States Department of Agriculture.



A recent USDA survey indicates that in 1964 about 3.4 million persons worked on the farms for cash wages or salaries <sup>1/</sup>. Of these, about 1.4 million were considered casual workers, that is, they worked less than 25 days. About 71 percent of the hired workers during 1964 were men or boys and 69 percent were white. Only one-fourth of the 3.4 million were chiefly engaged in farm wage work. In fact, one-half were not in the labor force most of the year. This group is made up largely of housewives and students.

The hired farm work force in 1964 was relatively young. Over one-fourth were from 14 to 17 years of age with a median age for the entire group being 25.3 years. In terms of residence, only one-third of the hired farm workers in 1964 lived on farms at the time the USDA survey was taken. Eleven percent worked on farms away from their own community and were therefore classified as domestic, migratory workers. One-half of the total number lived in the South.

Among the 2.0 million individuals who worked on farms for 25 days or more in 1964, 1.3 were seasonal workers that averaged 64 days of farm work. Of the others, 0.3 million were regulars and averaged 198 days, and 0.3 million were year-round workers who averaged 321 days of work. The 2.1 million individuals who did farm work only worked about 100 days, while the 1.3 who worked on farms and elsewhere worked an average of 49 days on farms and 98 days elsewhere.

A third USDA survey relates education, skill level and earnings of the hired labor force <sup>2/</sup>. This survey shows that in December 1961, 73 percent of adult farm wage workers (25 years or older) had completed eight or fewer years of school, about three out of ten had completed fewer than five years of school, and only one out of seven was a high school graduate. As would be expected, the highest proportion of functional illiterates was in older age brackets.

The survey suggests that educational attainment is closely related to wages and earnings. For males 25 years and above with nine years or more of school, annual earnings from farm wage work averaged \$1987 compared to \$1302 for those with five to eight years, and \$1151 for zero to four years of school.

The survey further suggests that most farm jobs required relatively low skill levels. Thirty-two percent reported only hand or stoop labor, while 31 percent reported jobs requiring skills as tractor or truck driver.

### Seasonality of Employment

Farm employment has traditionally been highly seasonal in nature. Figure 5 presents USDA estimates of seasonal employment for both family and hired farm employment for the years 1961-65. For both family and hired workers, winter

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<sup>1/</sup>Gladys K. Bowles, The Hired Farm Working Force in 1964, AE Report No. 882, United States Department of Agriculture.

<sup>2/</sup>James D. Cowhig, Education, Skill Level and Earnings of the Farm Working Force of 1961, Agricultural Economics Report Number 26, USDA.

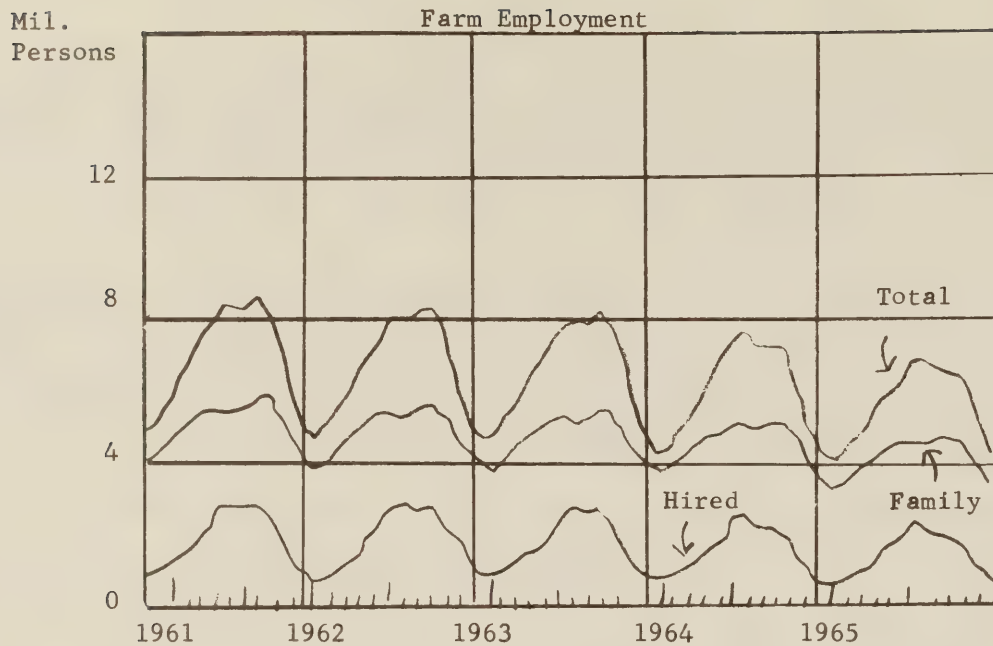
Monthly Estimates

Figure 5. Monthly Estimates of Farm Employment by Family and Hired, 1961-65

Source: United States Department of Agriculture

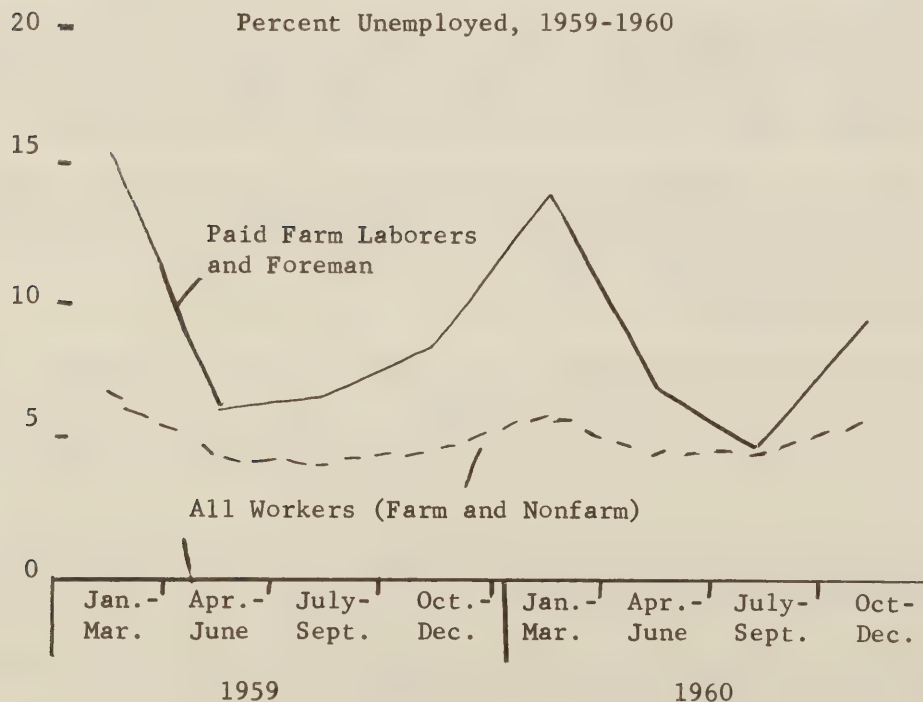


Figure 6. Among Farm Workers who remain in the Labor Force over most of the Year, Unemployment is very High in the Off-Season.

Source: (5)



months are low periods of employment and summer is a peak employment period. For family and hired workers combined, the peak employment is somewhat less than double the employment during the lowest month. However, in the case of hired workers, employment during peak periods is about three times employment during the annual low months of employment. Clearly there is more monthly variation in hired work employment than is the case with family workers.

As indicated earlier, farm labor supply is to some extent, seasonal. Thus, to a considerable extent, the seasonal variation in demand for labor on farms fits the pattern of supply of a certain segment of the labor force. However, it creates serious problems for those in the permanent work force either as family or as hired workers (Figure 6). Even though farm laborers tend to experience a higher rate of unemployment than the average of all workers, there is a greater degree of seasonality of employment among farm workers. Weather and other factors also tend to cause a higher level of underemployment among agricultural workers than among non-agricultural workers. This is borne out in Figure 7.

#### Labor use on Class I, II, and III Farms

The Census classifies farms on the basis of annual gross receipts. Farms having an annual gross income of \$2500 or more are considered by the census to be commercial farms. However, for purposes of this paper, farms with gross incomes of \$10,000 or more are considered as commercial.

Table 1 presents selected characteristics and trends of Class I, II, and III farms for the years 1950, 1954, and 1959. Over this period, such farms increased in number from 484,000 to more than 794,000 and land organized in such units increased from 466 million to 630 million acres. However, the number of regular farm workers employed on these farms declined somewhat over the period.

Table 1 - Selected Characteristics and Trends of Commercial Farms  
With Gross Incomes of \$10,000 or Greater

Item	Unit	1950	1954	1959
Number of Farms	Number	484,382	582,948	794,475
Land in Farms	1,000 acres	466,023	501,300	630,286
Regular Hired Workers	Persons	624,467	512,008	567,404
Number of Farms	Percent	9.0	12.2	21.4
Land in Farms	Percent	40.3	43.3	56.3
Regular Hired Workers	Percent	60.3	74.1	81.0
Operator Workers off farm	Percent	21.0	25.6	26.6
Off Farm Income Exceeds Farm Gross	Percent	4.3	4.5	6.5

Source: U.S. Census of Agriculture 1959, Vol. II, Gen. Rept., Chap. 10, USDC

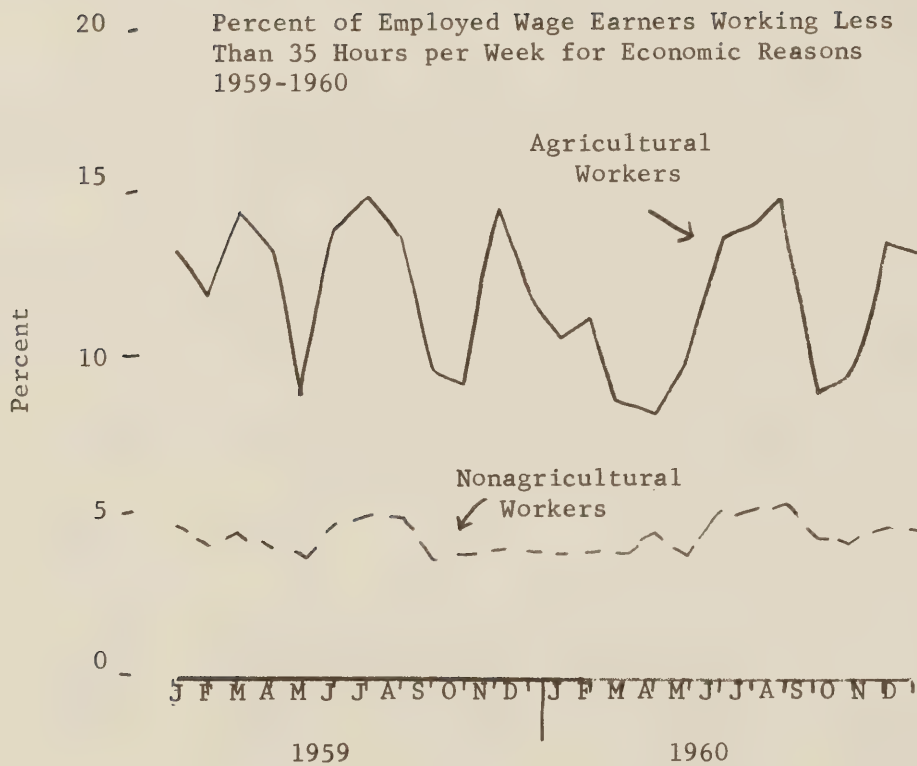


Figure 7. Even During the Growing Season, Underemployment is More Common Among Farm Wage Earners.

Source: (5)



Farms grossing \$10,000 or more comprised 9.0 percent of the total farms in 1950 compared to 12.2 and 21.4 percent in 1954 and 1959 respectively. For these three years Class I, II, and III farms controlled 40.3, 43.3 and 56.3 percent of land in farms and employed 60.3, 74.1 and 81.0 percent of regular farm workers employed in agriculture.

It is significant to note that more than one-fifth of the operators of the Class I, II, and III farms performed some off-farm work in 1950 and the proportion so employed had increased to more than one-fourth by 1959. Similarly, about four percent of the operators had off-farm income in excess of gross farm income in 1950 compared to 6.5 percent in 1959.

Table 2 presents a distribution of farms grossing \$10,000 or more in 1959 by the number of regular hired workers employed. Seventy-one percent of such farms had no regular farm workers, while slightly more than 10 percent of such farms employed two or more hired workers during the year. Thus, although apparently no statistics are available on the magnitude of family labor inputs on such a unit, it is clear that the major share of labor on such large scale units is performed by the operator and unpaid family workers.

Table 3 presents a distribution of hired farm labor expenditures of farms grossing \$10,000 or more in 1959. It will be noted that 20 percent of the group reported no labor expenditures while almost 60 percent reported hired labor expenditures of less than \$1,000.

#### Worker Earnings Comparisons

Figure 8 provides a comparison of the wages of employed factory workers, earnings of farm workers, and wages of hired farm workers on a national basis over the period 1950 through 1964. Over the entire period, factory worker wages have been significantly higher than earnings of farm workers or wages of hired farm workers. In 1964 the average annual income per worker in agriculture was \$2561 compared to \$5352 for employed factory workers and somewhat less than \$1000 for farm wages per hired farm worker. Some wage workers also worked off farms. In 1964 total income of farm wage workers was \$1213 of which \$913 was from farm work.

The earnings per farm worker is computed by dividing the net income from farming by the number of farm workers. Thus, the figure represents average earnings of family and hired workers. At best, average figures can be misleading. In this case, net income from farming is actually a return to operator, family, and hired labor as well as owned capital.

Obviously there has been a difference of considerable magnitude between wages of employed factory workers, earnings of farm workers, and wages of hired farm workers. However, farm labor earnings may have higher purchasing power than factory wages so that a difference in earnings does not necessarily indicate an inequity or lack of equilibrium. Also there may be skill differences. It has been estimated by various researchers that farm per capita incomes of from 68 to 86 percent of non-farm incomes would imply equal rates of returns in the farm and non-farm sector 1/, 2/.

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<sup>1/</sup> D. Gale Johnson, "Labor Mobility in Agriculture Adjustment, "Agriculture Adjustment Problems in a Growing Economy, Iowa State University Press, 1956.

<sup>2/</sup> Dale E. Hathaway, Government in Agriculture, N.Y., The MacMillan Co. 1963.

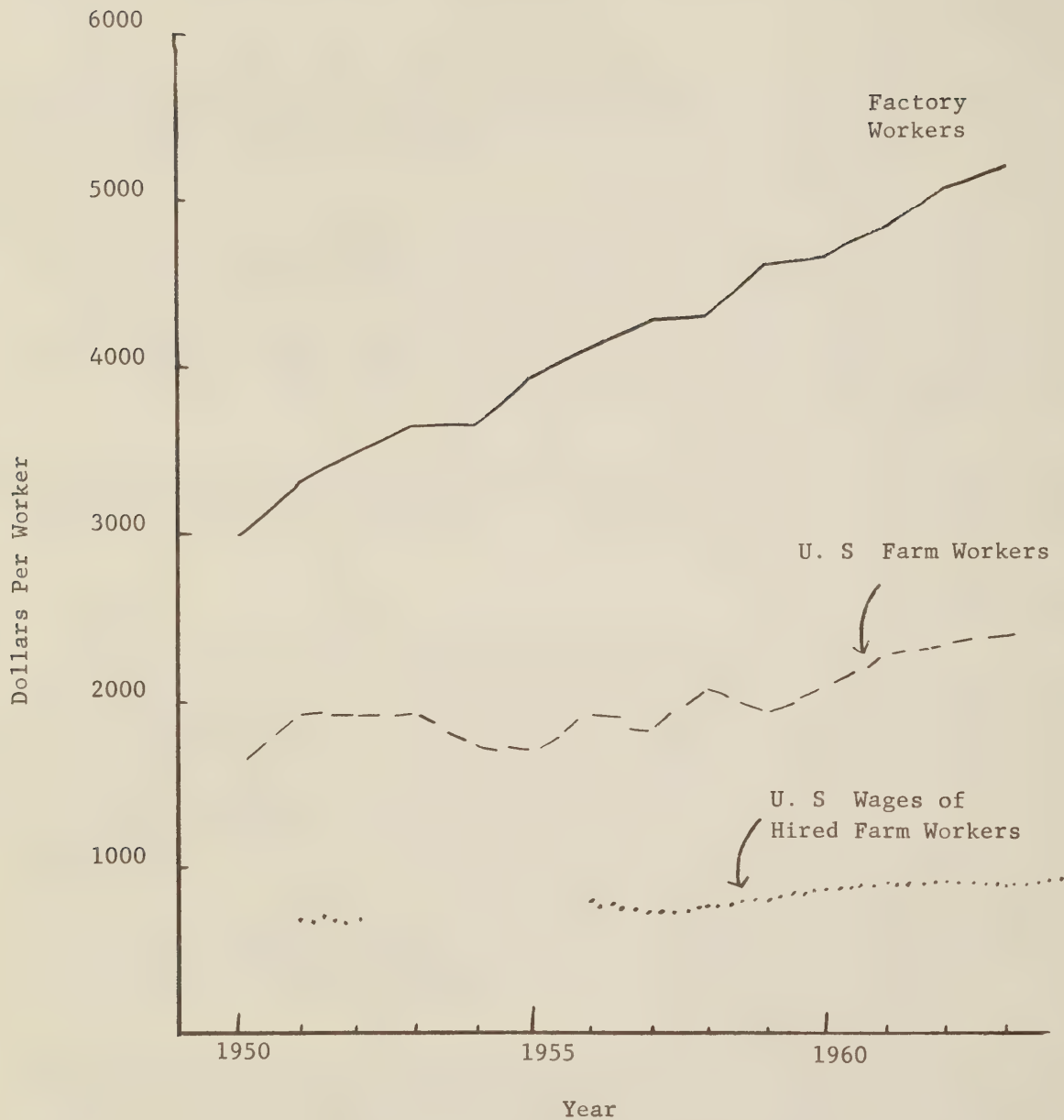


Figure 8. Average Annual Wages of Employed Factory Workers, Earnings of Farm Workers, and Wages of Hired Farm Workers.



Average farm wage labor earnings obviously obscure the significant differences between regions and individuals. Differences may be greater within the farm than the non-farm workforce. Figure 9 provides some insight into differences in farm wage rates by regions.

### Projected Farm Labor Needs

In 1960 the 25 percent of farm operators who grossed \$10,00 or more, that is, Class I, II, and III farmers, produced 75 percent of the nation's output of agricultural products. <sup>1/</sup> The previous year these operators used 86 percent of the hired labor in agriculture as measured by wages paid. If we assume that the family labor supply did not differ for the different farm classes, it would appear that a 33 percent increase in Class I, II, or III farms, or from 823,000 to 1,095,000 could result in the production of the 1960 output that was actually produced on some 3.2 million units. This would require an increase of perhaps 15 percent in hired labor, but would reduce operator and family labor requirements by some 65 percent.

An analysis of an efficient organization of typical farms in three commercial farming areas of the South suggests that to increase the size of all farming units in these areas to permit operators to earn \$4500 labor management returns (i.e., a factory wage equivalent) would require more than a 50 percent reduction in the number of farm units in each area. The areas studied were the Rolling Plains of Oklahoma, and Texas, the Mississippi Delta, and the Eastern costal plains of North Carolina and Virginia. <sup>2/</sup>

The study appears consistent with the calculations above. Thus, with the magnitude of adjustments taking place in agriculture, and even with present technology, a reduction of approximately one-half in the farm labor force may be possible. A more intensive study in southwest Okla. supports this possibility. <sup>3/</sup>

A recent analysis based on an aggregate production function in which labor is measured in terms of hours worked, suggests an average over-use of labor of about 40 percent over the period 1952-61. <sup>4/</sup> In terms of worker numbers, this would suggest a minimum 50 percent potential reduction in workers numbers as a conservative figure.

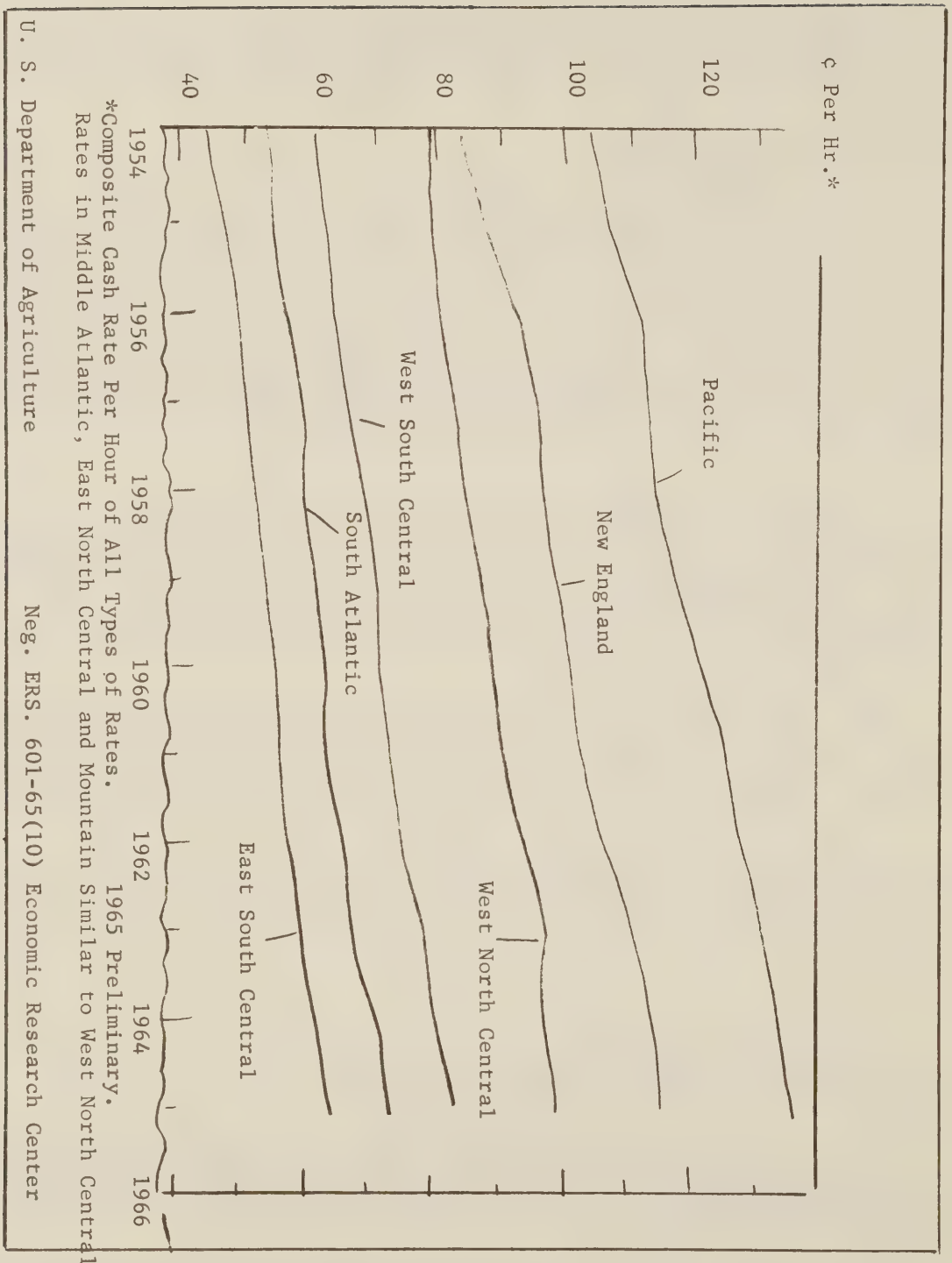
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<sup>1/</sup> Luther G. Tweeten "The Income Structure of Farms by Economic Class", Journal of Farm Economics, Vol. 47, Number 2, May 1965.

<sup>2/</sup> James S. Plaxico and John w. Goodwin, "Adjustments for Efficient Organization of Farms in Selected Areas of the South," Southern Agriculture, Its Problems and Policy Alternatives, North Carolina Policy Institute, North Carolina State College, Raleigh, January, 1961.

<sup>3/</sup> P. Leo Strickland, Jr., et.al., Minimum Resource Requirements and Adjustments for Specified Income Levels, Southwest Oklahoma, Okla. Agr. Expt. Sta. Bulletin, B-608, May 1963.

<sup>4/</sup> Fred H. Tyner and Luther G. Tweeten, "The Optimum Resource Allocation of U.S. Agriculture," Unpublished paper, Dept. of Agri. Economics, OSU.





It would appear that the weight of evidence cited would suggest that, given current technology, an agriculture of less than a million production units, with a hired labor force of perhaps a million persons, and a family labor force of about 1 1/4 million might be a reasonable expectation in the future for agriculture. Further, such an adjustment may come sooner than most now think. Current trends alone would suggest a rapid adjustment. In addition, the entry cost to commercial agriculture, in terms of minimum capital investment requirements, will restrain new entrants to the industry. Rising land prices, social security programs, etc., may encourage current marginal operators to enter other occupations.

If these projections of farm numbers are relevant, what are some of the major implications for commercial farmers in light of the trend cited earlier?

### Selected Implications

#### More Rapid Changes Ahead

The recent past has been characterized by extremely rapid changes in all sectors, but particularly in the farm sector of the economy. In the decade ahead, a continuing knowledge explosion, along with associated technological development, will generate even more rapid changes in the decades ahead. It is trite, but nevertheless true, to say that we of this generation live in a world different than that we were born in, and equally pertinent to observe that in the decade ahead, we will live in a world different from that in which we now reside.

Rapid changes require continuing innovation and adjustment on the part of entrepreneurs in all sectors, and particularly on the part of managers in the rapidly changing farm and ranch sector. Adjustments required in the decades ahead will be similar to those in the past. They will require that knowledge be gained relative to changing and new technology, markets, and economic environments. Such knowledge will be required in developing a business structure of a size and nature to be variable in the emerging future.

Farm Labor quality must be improved. In a decade where increasing attention is being focused on labor training and retraining, little attention has been devoted to the training and retraining needs of farm workers. Farm labor has been largely trained through on-the-job experience. This is a fairly satisfactory means of training if the nature of the job requirements are static or changing slowly. It is, on the other hand, highly unsatisfactory when job requirements are changing at a rapid rate.

In view of the large number of federal and state manpower training programs it is possible that farm producers, along with agricultural business firms, should join with appropriate agencies to initiate farm labor training and retraining programs. Such programs could be rather specific in nature. That is, they could have as their objective training dairy or beef herdsmen, poultry husbandrymen, etc. Such training programs could play an important role in raising the productivity of farm labor to a level consistent with anticipated wage rates.

It should be recognized that labor training and retraining programs and efforts to develop mechanized procedures for accomplishing work are substitutes one for the other. In decisions related to allocating both public and private funds, this should be taken into account.

### Agricultural Labor is Unlikely to be Organized

During recent months there has been some activity concerned with organizing and unionizing agricultural labor. This has been particularly true in those areas requiring large numbers of seasonal workers for timely harvest of crops. One authority has said, "I am sure that we will see some form of labor organization in agriculture within the decade ahead. Labor organizations and minimum wages will raise the market price for the very important agricultural input - labor." <sup>1/</sup> In evaluating the potential for organization of agricultural labor, perhaps one should examine overall trends in union memberships and any special attributes possessed by the agricultural work force.

National and international union membership increased from less than nine million in 1940 to 18 million in 1958. <sup>2/</sup> Since that time memberships have been relatively stable or declined slightly. In 1962 there were 17.6 million memberships in national and international unions. Union memberships as a percent of the total labor force were 15.5 percent in 1940 and were 22 percent in both 1950 and 1962 although they reached 24 percent in 1955. Membership as a percent of employment in non-agricultural establishments was 26.9 in 1940, 31.5 in 1950, 32.1 in 1959 and 29.7 in 1962. These statistics suggest that union memberships as a percent of the total labor force are relatively low and there is no evidence that the percentage is increasing.

The agricultural labor force is typically not concentrated in a spatial sense, and both wages and the level of educational attainment of the work force tends to be relatively low. Further, the typical worker tends to work for several different individuals during the year. Each of these factors would appear to increase the cost of organizing and administering the affairs of agricultural labor union. Thus, one might suspect that organization activity will be largely restricted to types of farm labor which is concentrated spatially and in types of jobs which are difficult to mechanize. These are of course largely the seasonal labor-harvest type labor involving largely migrant-type labor. It would appear that organizing regular full-time farm labor would involve almost prohibitive expense of organization and of administration. Other groups, such as retail sales personnel, might offer a superior organizational opportunity.

### Farm Labor Wages Will Rise Absolutely and in Relation to Other Inputs

Without doubt, farm wage rates will rise in the decade ahead. This will be the case whether or not minimum wage provisions are made applicable to agriculture. Welfare and economic opportunity type programs are likely to raise the opportunity costs of marginal labor. Increased emphasis on training and re-training will increase mobility and alternatives of other labor. Further, as the non-farm population grows percentage wise, the differential required to attract farm labor to non-farm employment will narrow and the current relationship may reverse.

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<sup>1/</sup> G.B. Wood, "Agriculture in the Next Decade," A Proceedings of the 14th National Agriculture Credit Conference, 1965.

<sup>2/</sup> Statistical Abstract of the U.S. 1965, U.S. Dept. of Commerce, 1965.



In the past, farm labor wages have been relatively low because of a lack of demand for farm labor in non-farm occupations and because of the low productivity of labor on many farms. Low productivity has been due in turn to low levels of education of many in the farm sector. Thus, factors such as the general level of economic activity have largely determined the size of the farm labor force. The schools available and the values held in rural areas, along with the nature of alternatives available to farm workers, have largely determined the quality of the labor force currently available in agriculture.

As farm wages rise, many farm chores will be automated or eliminated. This will necessarily be the case because they will be unprofitable at higher wage rates. Given the structure of the agricultural industry, there is little prospect that higher wage costs can be passed on the consumers through higher farm commodity prices.

Regardless of whether marginal jobs are eliminated or automated, farm operators will face major farm management challenges. Seldom is automation accomplished by performing a given job by machine in the same manner as by hand. Rather, the nature and specifications of the job, and in many cases the nature of the final product, are changed to make automation feasible. This typically will require a complete reorganization of the farming operation both in terms of size or scale or operation and enterprise mix. Further the active cooperation, support, and simultaneous change on the part of marketing and processing firms is typically required. For example, the general adoption of in-line milkers and bulk tanks required farmers to make investments which required larger units to be profitable, and required marketing and distribution firms to also change the nature of their capital equipment.

There is considerable evidence that peak seasonal labor requirements have been reduced less in recent years than year-round or stable requirements. In order to make significant headway in this area, different varieties and possibly different final products may be required. <sup>1/</sup> Such breakthroughs are of critical importance as seasonal labor is likely to become increasingly uncertain both in terms of availability, quality and cost.

There is ample evidence that labor, specifically farm labor, responds to economic incentives. <sup>2/</sup> Thus, it is clear that with comparable wages, working conditions, and fringe benefits farmers can compete with other employers for the quality and quantity of labor desired. The gross statistics which are available suggest that in the past, farm operators have not made a serious effort to employ higher quality labor. This is evidenced by the fact that returns to the individual for additional education has been lower in the farm sector than in other sectors of the economy. The comparisons for rural farm males and non-farm rural males with respect to returns to additional training are as follows: elementary compared to no schooling, \$1564, for rural farm and \$2499 for rural non-farm; for high school

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<sup>1/</sup> John W. Mamer and Varden Fuller, "Labor and the Economic Factors in Fruit and Vegetable Harvest Mechanization," Agri. Science Review, Vol. III, No. 4, USDA.

<sup>2/</sup> Earl O. Heady & Luther G. Tweeten, Resource Demand and Structure of the Agricultural Industry, Iowa State University Press, 1963.

compared to elementary - \$1192 for rural farm and \$1621 for rural non-farm. <sup>1/</sup> Another interpretation may be that for those planning to enter the agricultural workforce there is less incentive to secure a higher level of education.

Most farmers are concerned about current farm wage levels and alarmed at the prospect of further increases. Thus, one could argue that farmers simply cannot afford to pay higher wages. The fact that in general, farm incomes have failed to keep pace with non-farm incomes lends credence to this position. However, it might be pointed out that Class I, and II farms earn well above current market rates on all resources. <sup>2/</sup> Further, farmers have competed rather well in the market for machinery and equipment, chemicals, land, and various other purchased production goods and services.

A reduced farm labor supply will not solve the chronic problems of the commercial sector of agriculture. Farm policy experts have long argued that one solution to the so-called farm problem is the movement of a large number of individuals from the farm to other sectors of the economy. Obviously, dividing a given level of net income by a smaller number of people increased the income per person. However, reducing the farm work force by, say one-half, is more likely to result in an increase in farm production than a decrease with the consequent effect on farm commodity prices.

The critical and scarce resource of the future will be management. The current investment per man on efficiently organized wheat and cattle operations in the Great Plains is \$250,000 and upward. Investments of this magnitude are likely to become commonplace throughout agriculture. Obviously these kinds of operations require aggressive, alert, informed management. Specifically, management with particular skills of organization, that is bringing together productive resources into a profitable unit.

Corporate organizations are no longer a novelty in agriculture and will be used to an even greater extent in the future. Electronic computers and sophisticated fiscal and managerial planning and control systems will be commonplace tools of the farm manager of the future. Thus, serious thought needs to be given to providing the type of background of education and experience such positions will require.

The manager of the future must possess a basic knowledge of the agricultural sciences and understand management principles and practices including business organization, financial planning, and personnel administration. As a manager and organizer he will make increasing use of subject matter consultants and employ specialized contractors for specific jobs as well as trained and competent regular labor.

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<sup>1/</sup> U.S. Census of Population, 1960, Farm Report PC (2)-5B, U.S. Government Printing Office, 1963.

<sup>2/</sup> Luther G. Tweeten "The Income Structure of Farms by Economic Class", Journal of Farm Economics, Vol. 47, Number 2, May 1965.

The notion that college graduates do not return to farms and ranches is erroneous. Each year 25 percent of our department's B.S. graduates return to farms and ranches and several of our advanced degree recipients are so employed. Currently, two American Star Farmers are enrolled in graduate programs with the intention of returning to their home farms and ranches.

Given adequate management, one can be confident that emerging problems with respect to change in general, and farm labor on commercial farms in particular, will be solved to the enrichment of the agricultural industry and our total society.





## The Hired Farm Labor Force

by

Gladys K. Bowles  
Economic Research Service  
U. S. Department of Agriculture

More than half a century ago, the Commission on Country Life reported to President Theodore Roosevelt:

"The farm labor problem is complicated by several special conditions, such as the fact that the need for labor is not continuous, the lack of conveniences of living for the laborer, long hours, the want of companionship, and in some places the apparently low wages. Because of these conditions, the necessary drift of workmen is from the open country to the town. On the part of the employer, the problem is complicated by the difficulty of securing labor, even at relatively high prices now prevailing, that is competent to handle modern farm machinery and to care for livestock and to handle the special work of the improved dairy. It is further complicated in all parts of the country by the competition of factories, which by reason of shorter hours, apparently higher pay, and the opportunities for social diversion...attract the native farm hand to the towns and cities. The difficulty of securing good labor is so great in many parts of the country that farmers are driven to dispose of their farms...There is not sufficient good labor available in the country to enable us to farm our land under present systems of agriculture...The country must meet the essential conditions offered by the town; or change the kind of farming." 1/

Since 1909, when the Country Life Commission report was made, great and remarkable changes have occurred in American agriculture. Employment on farms has declined sharply, as mechanization and other technological developments have decreased the need for farm labor. At the same time, the total amount of agricultural production and the productivity of each worker has increased. Yet, many of the problems prevailing in earlier days are still faced by the farmer, the farm worker, and society in general. The persistence of these problems tells us a great

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1/ Report of the Commission on Country Life, University of North Carolina Press, Reprinted May 1944, 1950 pp. Quotation taken from paper by Calvin L. Beale, "Population and Labor Force Trends Relevant to Weed Control Activities", presented at the Southern Weed Conference, Mobile, Alabama, January 16, 1963.

deal about their complexity and the difficulties involved in finding equitable solutions.

### Hired Farm Labor

The conditions of hired farm workers are similar in many respects to those of other groups of disadvantaged rural people. Low income in relation to needs, underemployment because of lack of alternative employment opportunities or skills, poor health, low educational levels, insufficient training, lack of community facilities or the means to take advantage of existing facilities, and discrimination, all are common problems.

However, hired farm workers are faced with some unique problems not generally found among other occupational groups. These problems are associated with the heterogeneity and racial composition of the work force, its relatively high dispersion throughout the country, intermittency of employment because of the seasonal nature of agricultural work, low wage levels, lack of social and economic protections, and, for the migratory group, problems associated with travel in search for and in the performance of agricultural work.

These conditions help to perpetuate low education, aspirations, and achievements from one generation to the next, and because of the heavy proportion of children in their households (about half the members are under 18 years of age) are cause for particular concern. By almost any measure, the occupation of the farm wage worker ranks as poorest in income and education of worker, housing, continuity of employment, and extent of inclusion in the conventional protections of unemployment compensation, disability insurance, minimum wage, or collective bargaining laws. All of these impinge on his personal and social status and contribute to the problems faced by his family.

### Problems posed by a heterogeneous work force

A work force which is extremely diverse in composition at all times during the year, and which varies in composition throughout the year as labor demands intensify and decline, poses singular and complex problems. Measures designed to aid one group may work a distinct hardship on another important segment. Yet, an understanding of the heterogeneity of this work force is necessary before intelligent means of dealing with their problems can be designed and applied.

About 71 percent of the 3.4 million working force who did some work for wages on farms in 1964 were men or boys. <sup>1/</sup> Sixty-nine percent were white. Only a fourth were engaged chiefly in farm wage work. (Figure 1.) Over half, primarily housewives and students, were not in the labor force most of the year. Over one-fourth were young people 14-17 years of age, who engaged in farm work mainly in the summertime.

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<sup>1/</sup> Not included in this 3.4 million are persons who did some farm wage work in 1964 who died, entered the Armed Forces, or were otherwise removed from the survey population by the time of the survey in December. The total number of persons who are excluded from the ERS survey probably does not exceed 500,000. This excluded group included foreign nationals who did farm wage work in this country and who had returned to their homes before the survey. In 1964, approximately 200,000 foreign agricultural workers were admitted to the United States under contract.

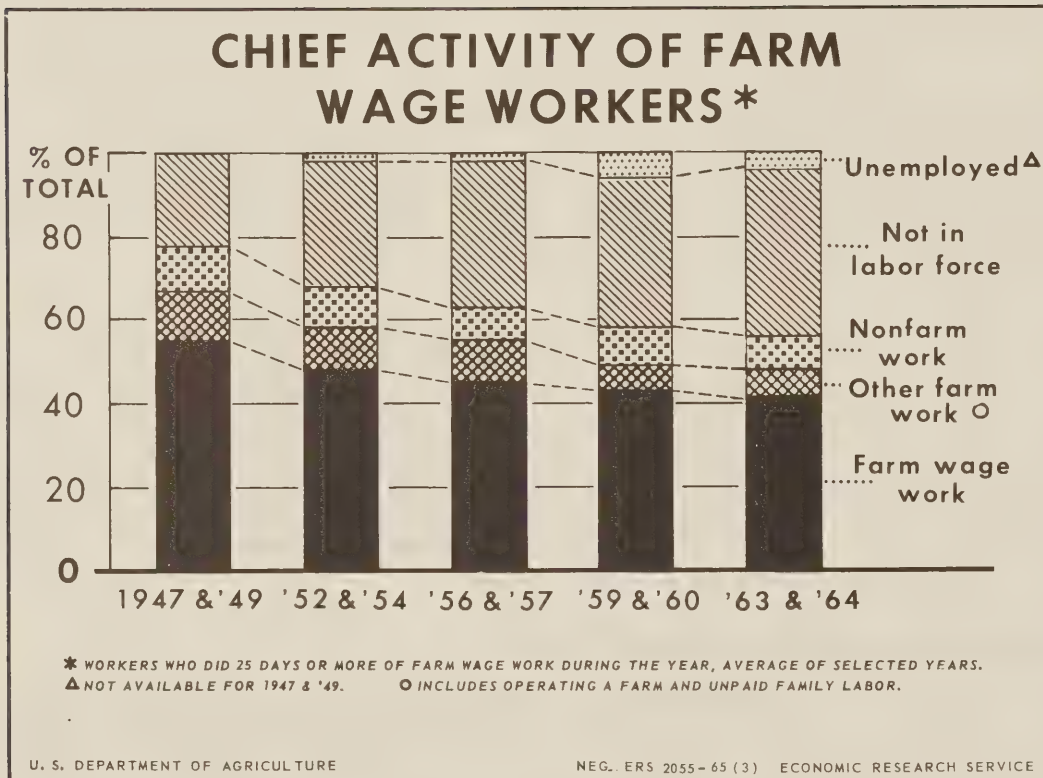


Figure 1



Or, dividing the 1964 work force another way (which overlaps the more strictly demographic classification above), about 650,000 were regular and year-round workers who spend most of their time in agricultural work (150 days or more). A highly important group, in terms of their need at specific labor-peak times, are the so-called seasonal workers who do between 25 and 149 days of work on farms for wages. They numbered 1.3 million persons in 1964. And then there were the casual workers, who did less than 25 days of work. They totalled 1.4 million in 1964. These short-time workers were mainly housewives, students, and others who were not in the labor force except for very short periods. The casual and seasonal workers were, nevertheless, employed in agriculture at those crucial periods of peak labor demand which can spell success or failure for the farm operator who employs them.

There are 2.6 million households in the United States which have one or more persons who do farm work for wages or salary. The total population of these households is around 11 million persons, or 6 percent of the total U. S. population. This represents the maximum number of persons in the Nation who have some direct degree of dependence on hired farms for their support.

Of the population in farm worker households, about 27 percent are nonwhite. Thus, nonwhites who make up about 12 percent of the general population are greatly over-represented in the farm wage worker population. Most of the nonwhites are Negroes, but Japanese, Filipinos, and American Indians are also included. The high proportion of nonwhites, and their location, indicates in some measure one of the most difficult aspects of the solution of farm labor problems.

#### Problems posed by geographic and residential dispersion.

One of the striking features of the employment structure in agriculture that concerns hired farm workers is their concentration on a small proportion of the farms in the United States and in certain types of farming. Yet, the hiring farms, and thus, the hired farm workers, are widely dispersed throughout the country, and concentrations of workers are somewhat less than might be anticipated. The relatively high dispersion of workers is one of the factors that has precluded the usual application of labor protective measures to improve their working and living conditions.

In 1964, over half of the workers lived and worked in the South; about one-tenth lived in the Northeastern States. The remainder were about equally located in the Northeastern States. The remainder were about equally located in the North Central and Western States. Within these broad regions, there were, widely diverse patterns in the proportions of farms which utilized any hired labor or which used only regular, or regular and seasonal labor.

Three States, California, Texas, and Florida, accounted for about one-third of the total farm labor bill in 1964 (Figure 2). These States, and North Carolina, New York, Illinois, Arkansas, Washington, Iowa, and Oregon, accounted for about one-half of the total farm labor bill in that year. They had about 47 percent of the annual average number of workers on farms in 1964. The dispersion of workers throughout the U. S. is illustrated by data for 1960 in Figure 3, and the change in average number of farm workers in the Southeastern states represented in this conference between 1945 and 1965 is shown in Figure 4.

## 30



NOTE: In each state, top figure represents expenditures for hired labor in millions of dollars. Lower figure is the State's proportion of the total expenditure in the U. S. for hired labor.

<sup>1</sup> Includes cash wages, perquisites, and 1951-64 Social Security taxes paid by employers

Alaska .5  
Hawaii 64.7, 2.3



Figure 3

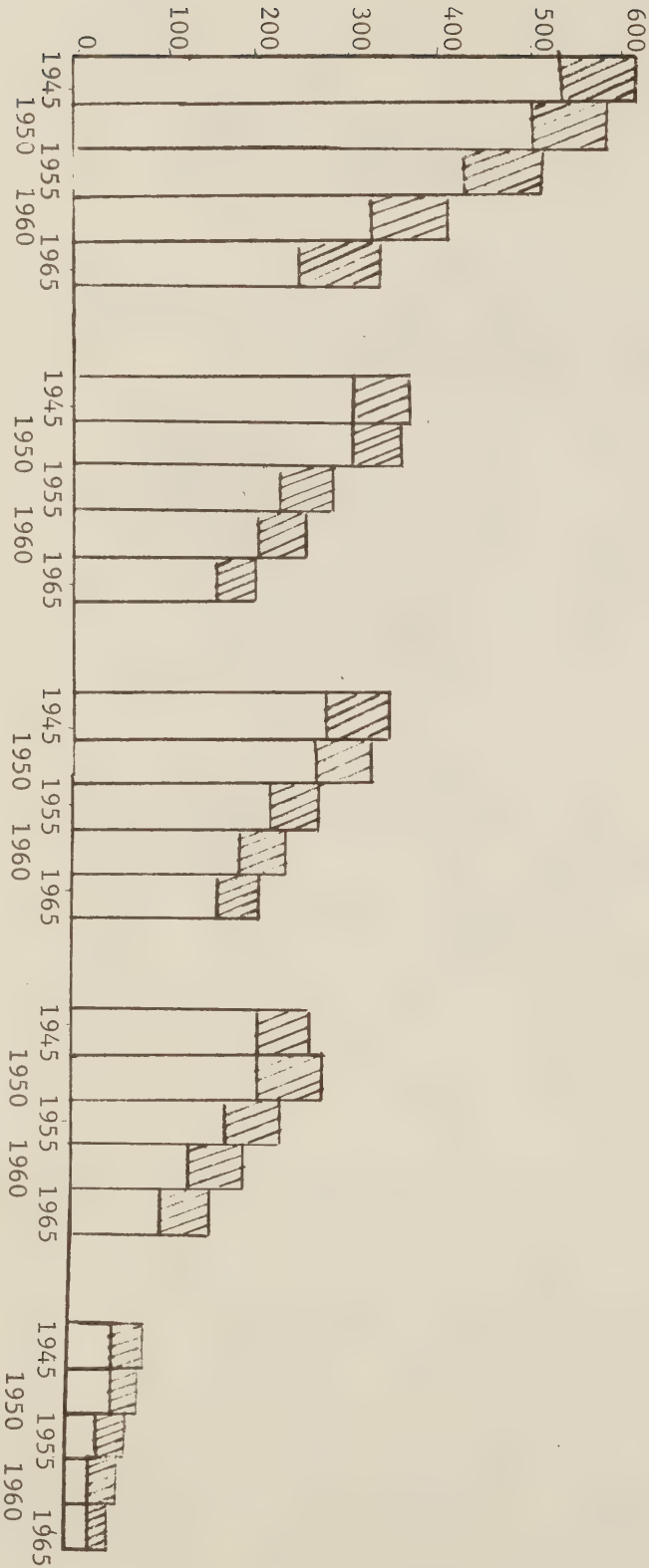


Farm Employment, Selected States, 1945-65

Hired  
workers  
Operators and  
unpaid family  
workers

Thou.

700



Source: U. S. Department of Agriculture, Statistical Reporting Service, Farm Labor (various issues)

Only about 300,000 farms in the U. S. use one or more regular hired workers. These workers (who numbered around 700,000 in 1959) were hired most extensively in the Atlantic and Gulf Coast States, parts of the North Central Region, and in California (Figure 5).

Seasonal workers are somewhat more concentrated, as is illustrated by a comparison of Figure 5 with Figure 6, <sup>1/</sup> but their lesser involvement with agricultural work (or in the general labor force) makes the application of basic labor-protective measures extremely difficult.

Utilization of hired labor varies extensively among types of farms. For instance, livestock and dairy farms usually have a comparatively high proportion of regular workers, as stock require regular attention. Tobacco and cotton farms use comparatively few regular workers, but rely heavily on seasonal workers. Fruit and nut, and vegetable farms are also large users of seasonal hired workers, and have been the principal users of imported foreign workers in recent years. These specialty-product farms were about the only users of the 35,000 foreign workers authorized by the Department of Labor in 1965. Citrus fruits, strawberries, apples, potatoes, shade tobacco, sugar cane, tomatoes and some other specialty crop work utilized foreign workers at various periods in 1965, but will probably be forced to depend more completely on domestic seasonal workers in the forthcoming years.

The change that has occurred over the past twenty years in the usual residence of workers adds complexities to the solution of their problems. In 1964, nearly two-thirds of the hired farm working force lived in nonfarm places at the end of the year (although some of them lived on farms at some time during the year). This is in contrast with the situation some years ago when approximately 65 percent lived on farms most of the year (Figure 7).

Thus, the welfare of hired farm workers is increasingly a non-agricultural problem. Workers are increasingly drawn from nonfarm sources. They come by day-haul, and return to nonfarm homes at night. They work on farms during the week and return home on the weekend. They work on farms during the summer (or other peak periods) and go to nonfarm work or drop out of the labor force for the rest of the year.

#### Problems posed by the seasonal nature of agricultural work

Evidence from recent years points toward increasing seasonality in agricultural employment, accompanying trends in mechanization, specialization in agricultural production, etc. Regular and year-round workers, who comprised about one-fifth of the 1964 hired farm working force did about two-thirds of the 271 million man-days of hired farm work. Some 15 or 20 years ago when these workers comprised about one-fourth of the hired farm working force and did about three-fourths of the man-days of work. Casual workers, who make up about two-fifths of the hired farm working force, did about 5 percent of the man-days of work (Figure 8).

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<sup>1/</sup> Differences in wage rates are reflected to some extent also in the variation in the concentrations in the two charts.

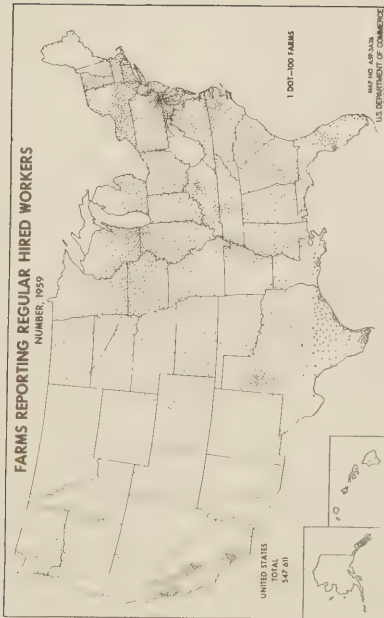


Figure 5

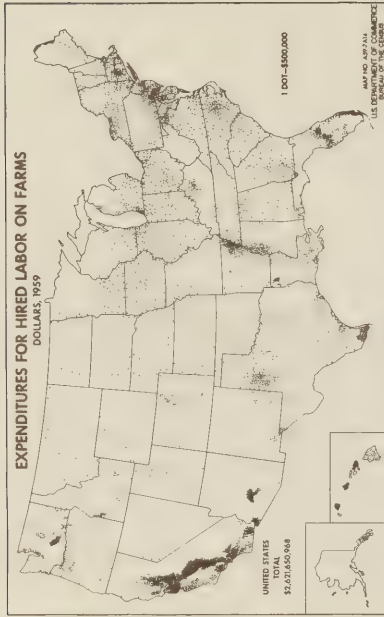


Figure 6

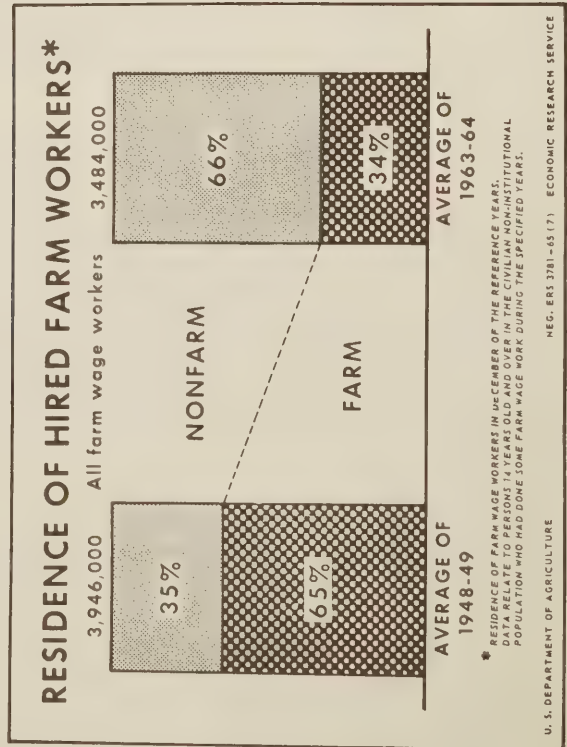


Figure 7

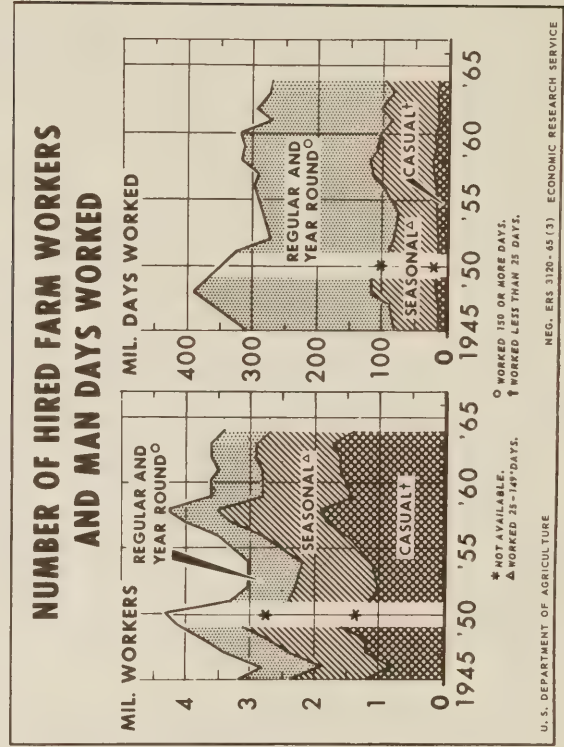


Figure 8



A few facts will serve to illustrate the variation in the length of time workers spend in agricultural employment.

Casual workers averaged 9 days  
 Seasonal workers averaged 64 days  
 Regular workers averaged 198 days  
 Year-round workers averaged 321 days.

And as mechanization and other technological developments reduce the overall demand for hired farm labor, in the future as in the past, the proportion of short-time workers is likely to increase further and their periods of employment on farms likely to be of shorter duration, or at best, no longer than now. The future hired farm work force is, therefore, likely to consist of even higher proportions of housewives, students, and workers drawn from nonfarm sources who can or wish to work on farms only at certain times, such as in summer.

In 1964, casual workers did about 80 percent of their farm wage work in five months -- June through October. Noncasual workers, on the other hand, did only a little more than half their work in these months (Figure 9).

#### Low-Income Problems

Households in which one or more members had done some farm wage work had a median net money income from all sources of about \$2,600 in 1962. The median for white households of \$3,156 was more than double that of \$1,505 for nonwhite households. Part of the difference in total income resulted from the fact that a higher proportion of nonwhite households were headed by persons who for the greater part of the year were not in the labor force or were unemployed. Also, more white than nonwhite heads were engaged primarily in nonfarm work rather than in farm wage work.

Households of hired farm workers have lowest median family income (Figure 10) and the highest incidence of poverty of any major occupational group, except for those headed by domestic service workers. In 1964, the total money income of all family members was below \$3,000 in about 56 percent of the hired farm worker households. The incidence of low income is particularly high among nonwhites (83 percent), most of whom are in the South, and among households headed by persons who had done some migratory farm wage work (71 percent). 1/

In part, low income stems from the seasonality of agricultural work and consequent short duration of employment for farm wage workers, discussed above. Other factors, however, contribute to the low-income position of these workers and their families.

(a) Low farm wage rates In 1965 the farm wage rate per hour for workers who did not receive board or room, averaged \$1.14; in one state the 1965 average was 65 cents an hour; in five it was \$1.40 or more. The rate was below \$1.00 an hour in 12 states -- here the average was 82 cents an hour. Wage rates are lowest in the South, where about half the workers live and work, or have their home base, as in the case of migratory workers. Rates were somewhat higher in the North Central States which have about one-tenth of the workers and still higher in the Northeastern States. The Western States, which have about 19 percent of the workers, pay the highest wages, on the average (Figure 11).

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4/ 1962 data.

Number of hired farm workers employed each month in 1964  
by their chief activity during the year

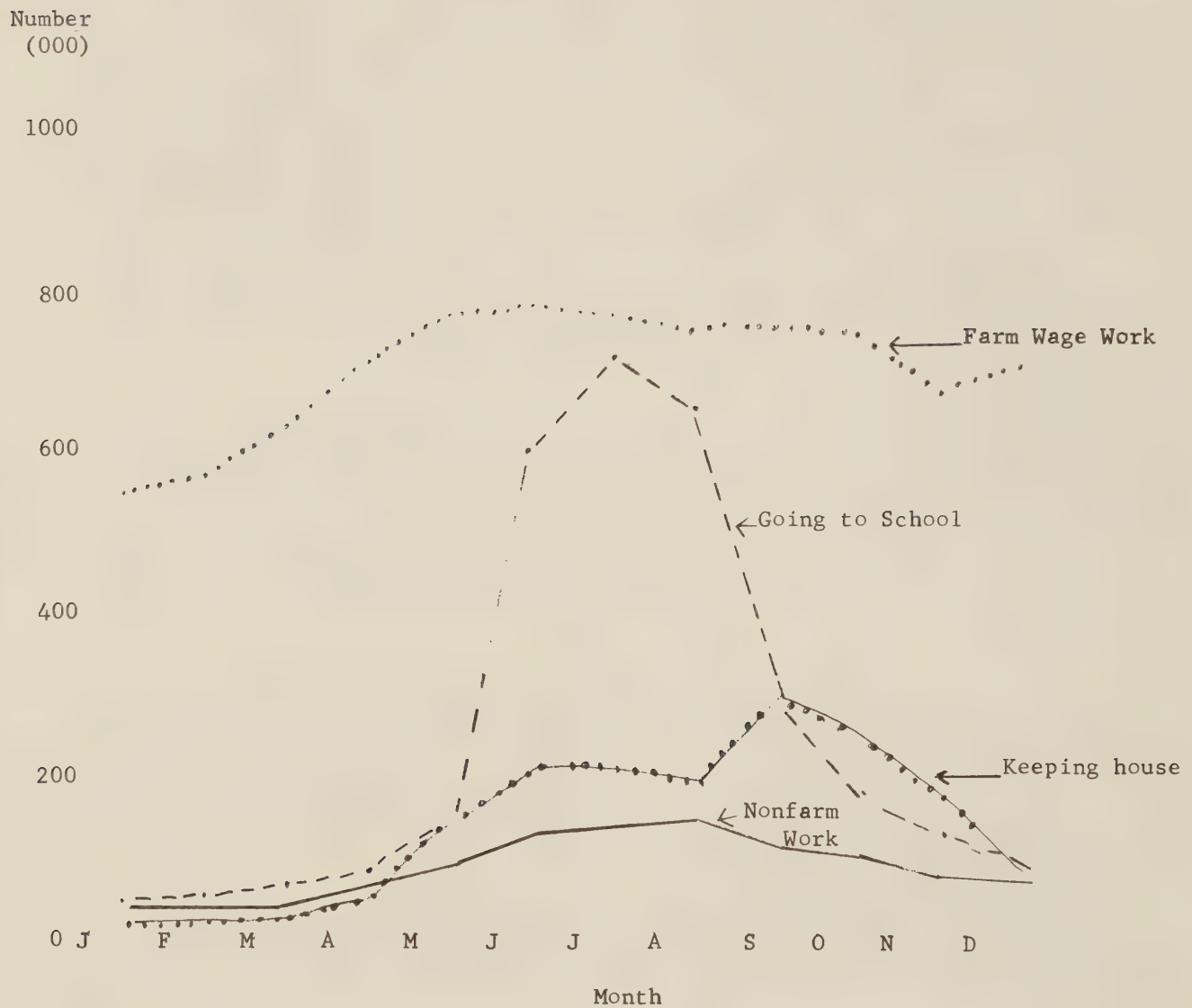
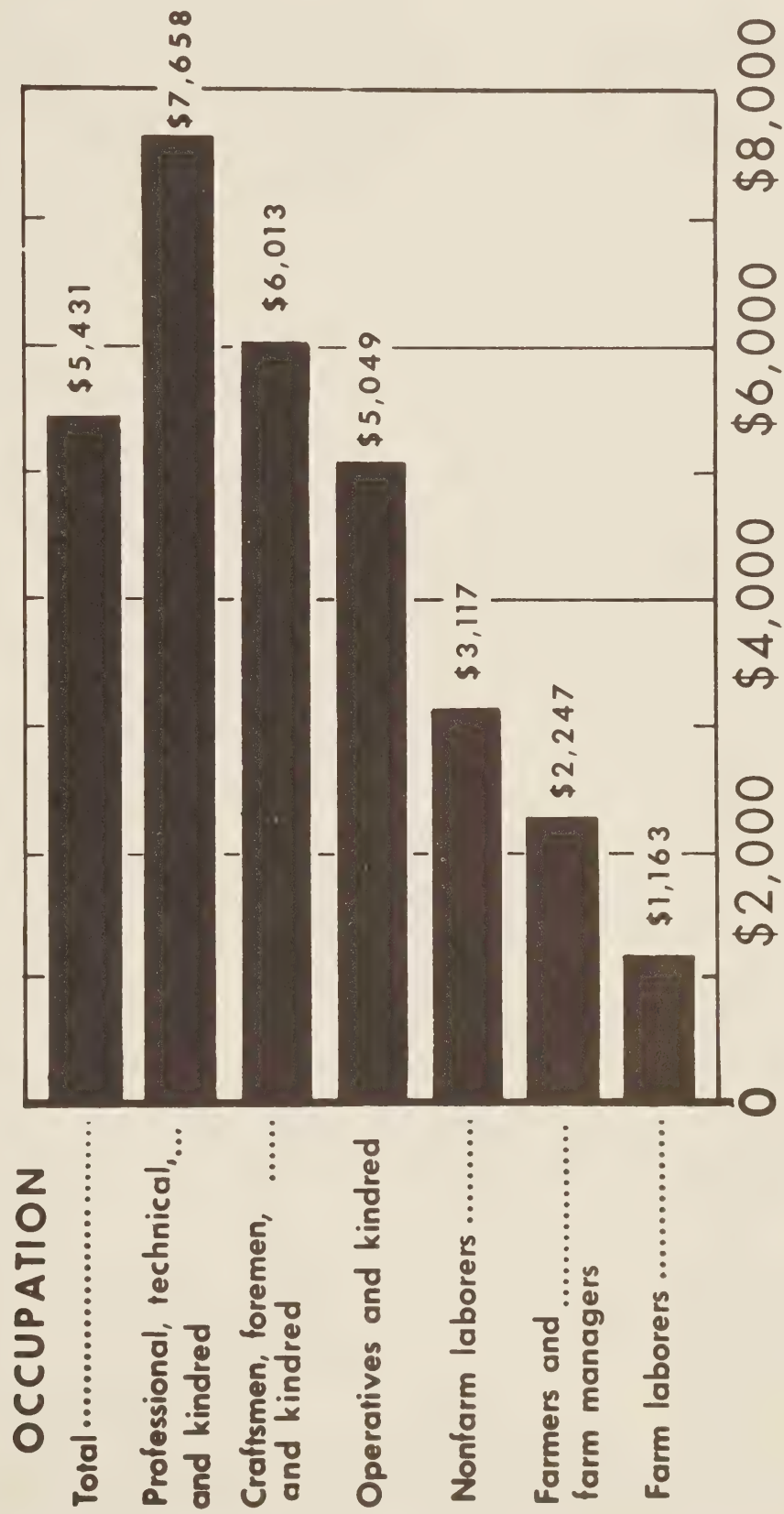


Figure 9

# MEDIAN EARNINGS OF MALES BY OCCUPATION, 1964



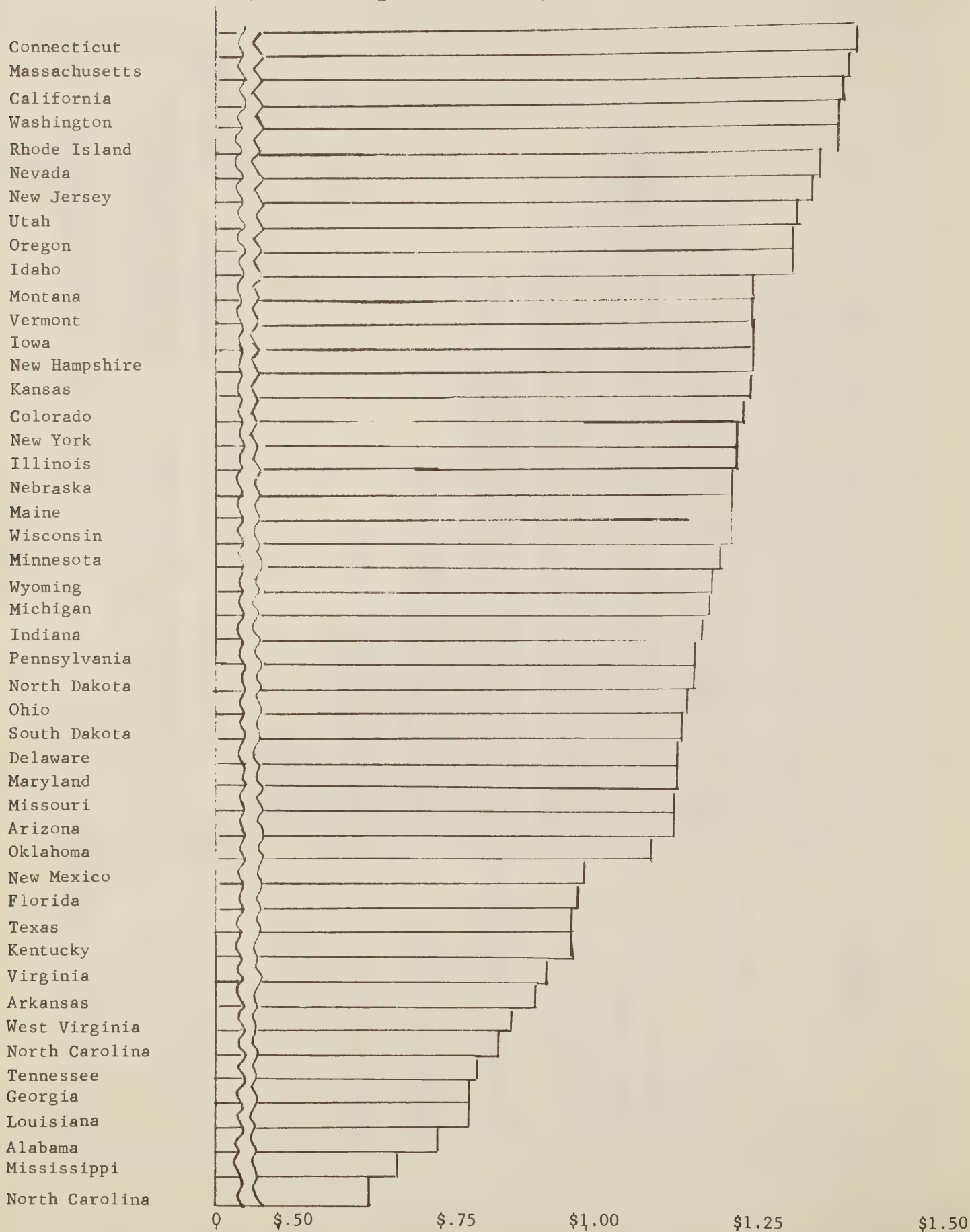
MEDIAN EARNINGS IN 1963 FROM EMPLOYMENT, INCLUDING SELF-EMPLOYMENT, OF MALES IN CIVILIAN LABOR FORCE.

DATA FROM BUREAU OF THE CENSUS.

Figure 10



Average farm wage rates for persons paid by the hour  
(not receiving board and room) for States, 1965



Although farm wage rates have risen substantially in all parts of the country in recent years, they are still very much lower than rates for most other occupations. In the years since World War II, wages in manufacturing industries have more than doubled, while farm wage rates have increased little more than half as much. Production workers in manufacturing industries earned an average of about \$2.61 per hour in 1965 compared with \$1.14 an hour for farm wage workers.

Moreover, the relative position of farm workers has actually deteriorated since the end of the War. When adjustments are made for cost of living increases farm workers are shown to be falling behind wage workers in other industries. The relative worsening of the farm-nonfarm wage rate situation holds for all major regions of the country. Even in California, where highest farm wages are paid, on the average, the gap between farm and nonfarm wages has widened in the last 10 years.

In 1964, hired farm workers as a group, earned about \$7.15 a day in cash wages from their farm wage work. For an average of 80 days of farm work, the average 1964 hired farm workers earned \$578. Wage workers who combined nonfarm work with their farm work during the year, generally tended to have higher average days of employment and yearly earnings. About 1.3 million persons were employed at both farm and nonfarm wage work in 1964. They worked an average of 49 days on the farm and 98 days at a nonfarm job, earning total wages of \$1,379. For those with nonfarm work as principal activity, earnings for 228 days of wage work totaled \$2,641; they earned about \$7.95 a day from farm wage work and \$12.20 a day from nonfarm wage work.

(b) Less in the way of fringe benefits In addition to receiving lower wages, hired farm workers generally receive less in the way of fringe benefits than do nonagricultural workers. A substantial proportion of farm wage workers do receive some perquisites such as room and board, housing, meals, transportation and use of garden space. In general, the value of these items does not equal the value of health and medical insurance, paid vacations, and other fringe benefits received by industrial workers. The quality of housing and sanitary facilities provided for farm wage workers is very often substandard.

(c) Unemployment Contributing to the low-annual income of many farm workers is the fact that they experience a great deal of unemployment. It is estimated that of the 3.4 million persons who did some hired farm work in 1964, 700,000 experienced some unemployment during the year. Of these, about 160,000 were unemployed 27 weeks or longer and some 200,000 experienced 3 or more periods of unemployment. Unless they have qualified for unemployment insurance benefits through nonagricultural wage work, or can meet the qualification standards for general or other welfare programs, hired farm workers and their families are without protection during periods of unemployment.

(d) Low education levels Low levels of education among hired farm workers place severe handicaps on their employment, occupational choices, and income-earning capacity. And this group of workers, on the average, have not increased in level of educational attainment, as have the other occupational classes in the U. S. While low education levels contribute to low-income, there are other aspects which are of equal concern.

As mentioned above, about half of the population of hired farm worker households consists of children under 18 years of age. About 3 million, or 54 percent,

of the children and youth were in households in which total family income in 1962 was less than \$3,000. These 3 million young people comprise 27 percent of the 11.4 million children and youth under 18 years of age living in all households in the United States where family income totaled less than \$3,000 in 1962. It is the heavy proportion of children in farm worker households that in part creates concern over the welfare of this population. The low education of the majority of the parents and the intermittent and seasonal nature of the work of many of them produce conditions which help to perpetuate low education and low aspirations from one generation to another. Nearly two-thirds of the children and youth under 18 years in households in some way dependent on farm wage work were in households where the head had completed 8 grades of school or less.

The general relationship of income and education has received much attention in recent years. Low levels of education of many hired farm workers mean that they can obtain only relatively low-paying types of farm and nonfarm jobs. The economic advantages of improving the educational level of farm workers is amply demonstrated by the fact that households where the head had completed less than 5 years of schooling averaged about \$2,000 income from all sources and those where the head had 5-8 years averaged about \$3,000 total family income. Higher average levels of income are generally associated with each higher level of educational attainment of the head of farm worker households, with those headed by persons who had completed high school averaging nearly \$5,800 in 1962.

(e) Lack of income protections (and other social and economic benefits) Unlike most other workers, farm wage workers are generally excluded from such Federal and State legislation as minimum wages, unemployment insurance, workmen's compensation, or collective bargaining. The lack of such protections contributes to their low-income status, and involves social and economic costs which are ultimately borne by the entire society, either directly or indirectly through welfare or aid payments, or indirectly through loss or inefficient use of human resources.

In addition to the disadvantaged position of workers in regard to employment protections, they are also at a disadvantage in regard to the availability of health, medical, educational and welfare activities and other community services. All of these lacks serve to deprive the workers of services which might be influential in the improvement of their social and economic status.

#### Problems Associated with Mobility, Migrancy, and Labor-turnover

Male hired farm workers have the highest mobility rate of civilian male wage and salary workers in major occupational groups. About 29 percent of male wage and salary farm workers lived in a different house in March 1964 from that in which they lived a year earlier. This compares with mobility rates of around 20 for male white collar, manual, and service wage and salary workers, respectively.



Mobility Rates of Male Wage and Salary Workers  
March 1963-March 1964

(Persons 14 years old and over)							
Wage & Salary Workers	All Movers	Within County Movers	Total	Within a State	Inter county movers (migrants)		
					Between States		
					Total	Contiguous	Non- Contiguous
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Total	20.9	14.1	6.8	3.5	3.3	1.2	2.1
White Collar	20.0	11.8	8.1	4.1	4.1	1.6	2.5
Manual	21.3	15.5	5.8	3.1	2.7	.9	1.7
Service	20.0	14.4	5.6	3.0	2.7	.7	1.9
Farm	29.2	18.5	10.7	5.2	5.5	2.0	3.5

Source: U. S. Bureau of the Census, Series P-20, No. 141, Mobility of the Population of the United States, March 1963 to March 1964.

Higher rates of mobility and migration stem, to a large extent, from characteristics and problems associated with the hired farm worker occupation. Among these are: (1) seasonality of employment. Many of these workers have moved from a nonfarm place to a farm for a period of employment, and returned to a nonfarm place, but not necessarily to the same house or even the same city or town. (2) A high proportion (about 40 percent) of workers have more than 1 employer in the year involving farm-to-farm moves in many cases. (3) Probably most important, however, is the significant proportion of workers who travel about the country (11 percent) while engaging in and looking for farm work. Another factor that might be mentioned is the high proportion (about 55 percent) of workers who live in rented or rent-free housing, from which moves can be made with relative ease.

A great deal of the public attention that is given to hired farm workers is focussed on the migratory group. Being highly visible and often acute, problems of these workers are brought to the attention of the public to a greater extent than are those of other farm workers.

The mobility "streams" and thus, the periodic geographic movement, of migratory workers is much better known than are the patterns of more permanent mobility of hired farm workers. A schematic chart developed by the Department of Labor shows the origin and generalized travel patterns of seasonal migratory farm workers. Originating in Texas and Florida, two distinctive groups fan out through the Central and Western States and along the Atlantic Coast and other Eastern States. Other smaller groups from Arizona and New Mexico travel to and work in California, Washington, and Oregon.

Domestic migratory workers have totalled about 380,000 in recent years, about 10 percent of the total work force. Three-fifths of them do 25 days or more of farm wage work during a year, with more than half of these falling in the seasonal worker category. In 1964, noncasual migratory workers earned \$1,083 from their farm wage work.

In 1962, there were 178,000 households, containing 604,000 persons of all ages, in which the head did some migratory farm work. These households do not include all of the 380,000 people who do migratory farm work during the year.

Some migratory workers either do not come from households where the head was a migratory worker or they lived in group quarters which were not defined as households. It is estimated that about 300,000 households have one or more migratory workers. The relatively small population in households headed by migratory farm workers (5.4 per cent of the total farm worker household population) is a reminder that the migratory worker population is a very small segment of the total group with some dependence on hired farm work.

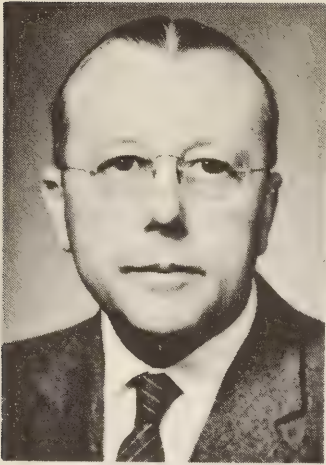
Households headed by migratory workers averaged about \$2,600 from all sources in 1962. Among these households the same relationships, pointed out above, existed between level of education and family income. Households headed by persons with less than 5 years of school completed averaged about \$1,900 family income while those with heads who had completed high school had an average family income of \$4,200.

In considering what steps may be taken to remedy the conditions of farm wage workers, it should be recognized that legislation now in effect on either a national or State basis deals mainly with migratory farm workers. Nonmigratory workers, who are about 90 percent of the total, are largely neglected except as they may be reached through general programs or are included under migratory worker programs by varying definitions of migratory workers.

Certain States regulate labor camps, conditions of travel, day care for children, working hours of children under 16, farm labor contractors and crew leaders, and other conditions of work of migratory farm laborers. Federal legislation requires that crew leaders register with the Employment Service and regulates their activities. The Economic Opportunity Act has special provisions for programs to improve housing, sanitation, and day care of migratory children. The Migrant Health Act provides for special programs designed to improve the health conditions and medical facilities available to migratory workers and their family members.

For special programs for migratory and other seasonal workers included under the Economic Opportunity Act, about \$20 million are to be expended in 1965. By June 30, 1965, 50 projects from 26 states for special programs relating to migratory workers had been approved. Grants totaled over \$14 million, with about 28 percent granted for projects in California. Most of the projects include educational programs for children in migrant worker families. Supervised day care for children is also a common component of the projects. New approaches are being made to meet housing and sanitation needs.

Although these projects include new and imaginative features, in total they are not likely to go far in solving the special problems of the entire group of domestic workers who travel about the country in connection with their agricultural work. And as indicated above, programs dealing with farm workers do not generally reach nonmigratory workers who comprise about 90 percent of all hired farm workers.



## Manpower Policy for the Small Farm Sector

by

James G. Maddox

North Carolina State University

I would like to use this paper as a means of stimulating a discussion. After the dose of statistics you got this morning, there is not much point in my talking about the decline in farm employment which occurred in the United States in recent years. I do want to point out, if you happen not to recall, that between 1940 and 1960 there was about a 50 percent reduction in U.S. agricultural employment and about a 60 percent reduction in the South. There was no other major industry in the nation that had such a large decrease in the number, or in the percentage, of workers employed as did agriculture during this 20-year period. There was no other major region in the country that had such a large decline in agricultural employment as did the South.

In 1940, employment in agriculture in the South was far larger than any other industry. However, by 1960 the number of persons employed in wholesale and retail trade in the South was nearly twice as large as the number employed in farming. There were even a few more persons employed in what the Census calls "professional and related services" in the South in 1960 than in agriculture. There probably never has been a 20-year period in the history of the nation when there was such a large redistribution of employment among industries as between 1940 and 1960. There never has been a 20-year period in the history of the South, unless it was from 1860 to 1880, when there was such a large redistribution of employment among industries and such a large change in the structure of the southern economy.

During this 20-year period, two trends were clearly evident in the total employment situation. First, was a decrease in the proportion of workers engaged in producing goods or commodities, and second, was an increase in both the number and the proportion of workers engaged in producing services. For the nation as a whole, there were relatively large decreases, ranging from 18 percent to 50 percent in the number of persons employed in farming, mining, and textile manufacturing. There were several other goods-producing industries which either had small declines or very slow rates of increase in the number of employees. In contrast, there were large increases in the number of employees in nearly all of the service-producing industries--trade, government, finance, insurance and real estate, as well as in the many different types of business and repair services that now make up a very important segment of our industrial economy.



These kinds of changes in employment are characteristic of a rapidly growing, high-income, affluent society. Machinery and various forms of technology were being substituted for labor in the production of commodities, but such substitutions were more difficult to make in the service-producing industries. People's incomes have substantially increased over the past 25 years, and their demand for services has increased more rapidly than their demand for commodities. This has been especially true with respect to the demand for agricultural commodities. For the last 25 years, agriculture has been the largest and most important industry in our economy in which employment has declined from both sets of forces: i.e., from labor-saving machinery and other types of technology, and from a very slowly expanding demand for farm products. During the decade of the 1950's and the first half of the 1960's, the downward pressure on farm employment has been particularly severe. The total number of farm operators declined by approximately 1.7 million between 1949 and 1959. In addition, there were few opportunities for maturing farm boys to enter farming as an occupation. Moreover, many families who lived in rural areas and depended upon farm work for most of their income were no longer needed in agriculture and were forced to look for other jobs.

A large proportion of the people who were squeezed out of agriculture in the 1950's were poorly trained, and generally inexperienced, for work in the type of industries where employment was expanding most rapidly. Also, the number of teenagers entering the labor force during the past five years has been unusually large primarily because of the "baby boom" in the years immediately following World War II. Those "babies" are now coming into the labor force in rather large numbers. Finally, from about 1954 until the end of 1965, our economy was operating well below its potential capacity.

Thus, for most of the past decade we have had a period when the workers who were no longer needed in farming plus the young people entering the labor force had a difficult time finding jobs in nonfarm work for which they were qualified either by training or experience. This resulted in a whole series of problems such as heavy unemployment among teenagers and unskilled workers. Even now, with unemployment 4 percent or less of the labor force, the teenage unemployment rate is somewhere around 8 to 10 percent and the percentage for Negro teenagers is still higher. Along with this heavy unemployment, much of which was concentrated in or around urban centers, we have had increases in crime, delinquency and even riots in a few of our large cities.

Well now, what about the future? Is this type of situation likely to continue into the future? Will the situation be one in which there will be a scarcity of jobs or one in which there is a rapid growth in the economy and in employment? This business of talking about what is going to happen in the future is something that we are all engaged in, but few of us have much of a basis for making forecasts. As far as I can tell, the only people who make more mistakes in this area than the economists are all of those who are not economists, but the mistake rate is pretty high for both groups.

It does, however, seem that the general employment situation has clearly changed, and changed quite significantly within recent months. Most economists are now more concerned about the probabilities of inflation than they are about the rate of unemployment. A year ago, this definitely was not the case. We will be hearing increasing complaints about labor shortages, and if the war in Southeast Asia increases in size and intensity there will be real shortages of labor in many occupations, especially in those requiring a rather high level of skill and education.

This, however, should not lead us to believe that the agricultural industry does not have a surplus of manpower, or that it will not be faced with serious human adjustment problems during at least the next decade. On the basis of studies which have been made by Dr. Bishop, Dr. Tolley, Dr. Johnson and others at North Carolina State University, it would not be unreasonable to project that we will have about 2.5 million farm operators in the U.S. by 1975. This actually may be a conservative figure, in the sense that the figure may be reduced below that, but at least that is my guess on the basis of their studies. This would be a decrease of 1.2 million from the 1960 level, and the decrease in the South might well be from 1.7 million farmers in 1960 to approximately one million in 1975.

If such a change comes about, a large part of the decrease will be among small farm operators. Also, there will be declines in farm workers who are not farm operators but who depend heavily on farm employment for their livelihood. We can think of these two farm labor groups as a reservoir of underemployed manpower that can be drawn on to fill jobs in nonfarm industries, especially if the general unemployment rate remains below 4 percent for a considerable period of time. From this viewpoint, and if we are going into a period in which inflation is the real threat, the underemployed manpower in agriculture could conceivably act as a break on inflation, and might, therefore, be viewed as a national asset.

From another point of view, the underemployed, low-income people in agriculture represent a waste of an important productive resource. Their services could be more productively employed if they shifted to other types of employment. This is a commonly held view of economists, because they usually think in terms of ways and means of increasing the efficiency of the total economy.

Still a third view points to the human adjustment and welfare problems that are associated with low-income farm people and the difficulties which they face, either by enlarging and improving their farms or by shifting to nonfarm accommodations. This point of view is common among welfare workers and among persons who are concerned about the consequences of pushing large numbers of rural people into city slums. It is also not unheard of in connection with persons who are engaged in rural area development problems.

Each of these viewpoints will have an influence on future manpower policies. It seems to me that they emphasize the need for taking a good hard look at the age, education, and skills, as well as some of the other characteristics, of these low-income and low-productivity families in rural

areas. We need to take such a look for the purpose of evaluating their potentialities to meet the needs and problems of the future. As far as I know, no one has really done this.

I have tried to approach this problem indirectly by using Census data and noting a few of the characteristics of those rural farm families who had a total family income of less than \$3,000 from all sources in 1960. There were about 1.6 million rural farm families in the United States with incomes of less than \$3,000 in 1960. Of this 1.6 million, about 1.1 million had family heads who were over 45 years old, and over 700,000 of these heads over 45 years of age had less than 9 years of schooling. Most of these 700,000 families are not likely to move out of farming during their lifetime. Moreover, not many of them will convert their farms into really efficient sized commercial units. Most of them are likely to remain small, low-income farmers for the rest of their lives. I don't see much likelihood of these 700,000 farm families making any significant shifts or changes in what they are going to be doing during the next few years. What we need to do, therefore, is to ask ourselves what policies are reasonable or acceptable for this group of low-income farmers.

I don't have much of an answer to offer on this subject. I would put first priority on educating their children. This certainly is where we cannot go wrong, and by all the evidence that we have, people with less than a high school education aren't going to have much of an employment future in our economy in the years ahead. In order to provide good education for their children, substantial changes will probably be required in our rural schools and in the type of educational curriculum now being offered. In addition, if the general level of employment slackens in the future, I think a strong case could be made for a program of public works for these low-income farmers during the winter months. In other words, when there is very little farm employment available, we could use a substantial number of people throughout the South and elsewhere in providing for highway beautification, parks, playgrounds, and other community improvements. These types of jobs would be better for people than just keeping them on welfare. Also, some kind of surplus food distribution program needs to be maintained for this group. A welfare program would continue for those who are too old to work or have some kind of physical disability in the form of welfare checks.

The main thing I would like to emphasize for these 700,000 low-income families who are likely to remain in agriculture is: First, the real need for expanding opportunities for their children; and, second, needed and productive work for the adults when their labor is not needed in agriculture. I see no way of accomplishing the latter except by some kind of public works program during the periods when there is no work available for them on farms or in closely related activities.

A few of the low-income farmers over 45 years old, who have a good education or a needed skill, may shift into various forms of nonfarm employment. This is particularly true if there is an expansion of nonfarm industries into some of the rural sectors of this country. This has been one of the main drives behind such activities as the special Appalachian program and the Area



Development Program. A few of these farmers also may be good risks for farm loans and supervised technical assistance such as that offered by the Farmers Home Administration as a means toward improving the efficiency and productivity of their farm units.

There were about 500,000 farm families in 1960 with a total family income of less than \$3000 whose heads were under 45 years of age. It is mainly from this group that we can expect substantial results from manpower development and training programs and from other kinds of publicly financed educational activities aimed at increasing the movement of workers out of agriculture. Here we have a group that offers real potentiality for education and training, not only for their children, but also for themselves. In addition, some should receive loans and management assistance in converting their farms into more productive units. However, real efforts should be made to encourage the movement of most of them into nonfarm industries. This will be much easier if there is industrial growth near the areas where they now live.

Let me reemphasize a few points about the policies that are needed to improve the functioning of the total economy and to aid low-income farmers. We need to keep the general economy growing at a rapid rate so that there will be opportunities for those who are qualified or can become qualified to move into new types of occupations or industries. We need to keep the general unemployment rate as low as it is now--about 4 percent--and we should look forward to lowering it over the years ahead. We should put a great deal of emphasis on educating the young people in the families of low-income farmers, and in training the younger adults. And, we should encourage the movement of manufacturing plants to rural areas.

With all of these actions and maybe even more, we are still likely to have a good many small inefficient low-income farms 10 years from now. At the same time, with low levels of unemployment, we will have commercial farmers still complaining about the shortages of good labor just as they were back in 1909 and 1910. This, of course, is a sign of progress. What we really want is a full utilization of all of our labor. I would suspect, though this is nothing more than a guess, that agricultural wages will still be low 10 years from now relative to nonfarm wages. If you have suggestions for action in this field other than those I have mentioned, I would be delighted to have them.



## Dimensions of the Problems of Rural Education in the South

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This program today has made me very nostalgic. The question raised just before the break about the equity in these differences in income reminds me of an experience I had thirty-six years ago when the depression came on and we found that it would be necessary to cut our salaries within the budget and we protested in the conference with the school board that there wasn't any equity in reducing my salary as a chemistry and physics teacher to a thousand dollars a year when the vocational agriculture teacher's salary in the same high school was going to be cut to \$1,800 a year. The Chairman of the Board said, "Son, you knew these differences in income existed before you qualified to teach. If you wanted the higher income, you should have gone into vocational agriculture instead of chemistry." I thought of that when the question was raised about these professionals.

I also thought, more recently, of my sister who is a professional educator, teacher of Latin and English, two years ago designated the Arkansas "Teacher of the Year", at the magnificent salary of \$3,600. Just Tuesday, by coincidence, a farmer from her county happened to call me and he commented, "I just came back from an Oklahoma livestock auction where I sold a Santa Gertrudis bull for \$50,000 and sold half interest in another bull for \$35,000." The "Teacher of the Year" for the state gets \$3,600., and so I am not sure that it is reasonable to hope that we can ever get equity in these matters. The problem is trying to figure out what we can do to improve the situation, because therein, I think, lies progress. The Regional Farm Policy Conference is concerned primarily with labor and agriculture, if one may judge from the theme of the Conference. After seeing the composition of the group as it is today, I want to hurry through this paper and then talk "off the cuff" in a manner which I had not anticipated last night. Your program committee has gone all the way to Nashville to get a city dweller and a non-farmer to come to Roanoke to tell you that you have fallen down on your job in agricultural and labor problems. Your problems lie more with the labor question than they do with agricultural problems.

There has been a continuous migration from rural to urban and suburban areas and a steady decline in the rural farm population. This population loss is your fault. We have always claimed that children are our most valuable crop here in the South and we have always thought that we have had a surplus of manpower to export to other regions in the country. Lately, you have not been producing enough children to offset this loss from migration. It was my intent to challenge you to go back home and get to work, but after looking at the group, it's too late.

Seriously speaking, this problem of school population is exactly the problem that I want to discuss as a dimension in rural education. Several factors have been at work, simultaneously, to cause the excess of out-migration over the birth rate. One is the decline in birth rates in the South. Another is our traditional official policy in the South which has promoted the selective exodus of the more able. I am not a sociologist but I think this is true. I think I started seeing it back as early as 1934 when we had to take our annual school census as a basis of getting state aid. You miss a family and you go back, where is that family? They have gone to Detroit; they have gone to Chicago. The suspicion came into my mind then, well aren't these the more able of the people and isn't their exodus leaving us a down-grading selectivity of remnants. I could not prove this, but I still believe it after all these years. Another factor is the employment trend in the South with dispersed industry employing local labor. Also important is the increased mobility of the population since the depression and World War II. Finally, the continued advance in agricultural technology probably has pushed many people off the farm and driven them out of agriculture while expanding Southern industry needed additional labor. But the reduction in the farm labor force has not been planned or controlled to the advantage of our farming economy.

In the midst of all of these changes that have been more clearly seen than understood, the rural South has tried desperately to cling to its schools, holding to them and trying to keep them unchanged as a last vestige or trace of life as we knew it--the good life as it once was. The tragic irony is that changes in educational technology have occurred in just as phenomenal a degree as those in agriculture and in Southern rural living. There has been a literal explosion in learning psychology for example. The only difference is that by sentimental, emotional and political means, we have prevented our rural schools from changing with the advances in teaching technology. We cannot arrest or halt the changes in agricultural technology and economics by politics or legislation or dollars or even hard work. The result has been that our traditional Southern school governments in rural areas can no more compete in modern education and satisfy modern educational demands than can a sharecropper raise a family with one mule and a plow by chopping and picking by hand and getting half a crop.

The cost for education is just as high and just as exorbitant as the charges for beef at the commissary and the diet is just as impoverished--sow belly, greens, black strap, and corn pone. Let's try to back off from this problem and situation far enough to where we can take a cold, impersonal, unemotional look at rural education. The American people believe in education and we in the South do too! We all think that the education of a child is the means of giving him the capacity to make the very most of whatever abilities God and his ancestry have endowed in him. We all want all of our children to be prepared to lead meaningful lives, to be good citizens, to compete successfully with their generation. Many of us hope they can do it better with less of a struggle than we had.

If we could agree that these are basic beliefs about education among our Southern people, then our chief concern becomes the question "prepared for what?" through education. Obviously, and I think our conference this morning and this afternoon brought out the answer, it is to be prepared for adaptability and to be equipped to cope with changes. Those changes that have already occurred, as well as the changes that are now taking place or can be seen on the horizon. Some changes we cannot even imagine, but will certainly confront our youngsters at the



peak of their careers. Most of our rural schools are incapable of providing this adaptability in their educational programs. A fourteen year old child, now in the eighth grade should finish high school in 1971 and college in 1975. He will be about 47 years old in the year 2,000 A.D., at the peak of his earning power, but half of these children today in grade eight will never be in college. If they finish high school, some will try to go right to work and our rural schools, as presently organized, have very little to offer in the way of preparation for these jobs. Moreover, these youths will change their job careers three times during their active working years.

The Southern parent of a child has the right to and probably should impose a three-fold demand upon the schools that go beyond basic education and general knowledge of reading, writing and arithmetic. First, the schools must prepare him for college if he goes. Second, they must prepare him for work if he doesn't go. Third, all children must be given the training and experience in adapting to changing conditions, not only in work but also in local, national and world affairs. Teach him to roll with the punch of a changing society and economy and to take advantage of the changes. It seems to me that these are legitimate expectations of our educational system. Certainly, they are aspirations and I have held for my own children, and if I want them for my own I must want them for yours.

If we could only agree that adequate schools should satisfy all three of these requirements instead of only one of the requirements or only two of the requirements, then we could pinpoint our concern by taking a specific look at Southern rural education. It will help to clarify the picture if we make our inspection chronologically as the child encounters his formal education chronologically. First, we probably always will have a small percentage of children, say 1% of them, who have such defects of heredity or are mentally or physically damaged that they are not educable. These never become exposed to formal schooling. Next, we have an appalling number of children who between birth and age 6 have the entire deck of cards stacked against them. You let me put a child in a home with culturally deprived, ignorant or ambitionless parents, located in his blighted neighborhood where he is going to spend 8,500 hours a year for every thousand that he spends in school, brought up without a book or magazine or newspaper in his experience, and I can guarantee to produce a non-learner by the time he gets to the first grade. It is important to observe the research proof that interests, wants, motivation, desires, ambition and personal pride in successful effort can be stifled and killed before a child ever reaches the first grade. If not killed, these essential requirements for learning can be so impaired by the age of 6 that progress in school becomes a steadily deteriorating process leading to withdrawal and drop-out and to an unemployed statistic in the labor force. A child who is cold or hungry or abused or emotionally disturbed cannot react normally to school opportunities. Thus, we have in school a significant number of children who must have some kind of specialized technical, personal help and re-enforcement in addition to what the well-trained classroom teacher can give. There are such specialists and we know how to use them to advantage, but our rural school systems in the South do not employ these central staff persons and so the children do without and are lost. I am reminded of an experience on the ammunition dump on a gunnery range at Pensacola, where we used dogs for security. I was reminded of a beautiful setter by the question asked this morning about the trainable people in the farm labor force. That dog wasn't trainable -- magnificent animal and intelligent, but there wasn't any use in trying to teach the dog the refinements of retrieving because there was

only one man alive who could handle that animal. It had been trained to be untrainable. What we have done in rural education, in many instances, is to cultivate a young labor force with every experience they have had contributing to their untrainability.

Let us take a look at the program for those moving all the way through the elementary school and getting into the secondary school level. After a 40-year agonizing struggle, we finally reorganized most of our 1, 2 and 3 teacher schools. These meant so much to frontier rural Americans before the days of all weather roads and school buses. Their consolidation was many times bitterly fought by the rural constituents. Today, it would be difficult to find enough parents who would be willing to send enough of their children back to these cherished one room schools to populate the school. We are nearing the old goal of having one teacher per grade in the elementary schools, but this stage of progress leaves us with some very serious deficiencies. In too many elementary schools, the only male person with whom the pupils come in contact is the school janitor. The principal and the teachers are all women. This is not good for 12 to 14 year old boys who have struggled every since they entered school with their pre-school handicaps. Also, our rural elementary schools have an almost standard practice of operating grades 6,7 and 8 as if they were mere continuations of grades 3,4 and 5. Just more language, more geography, and more arithmetic won't satisfy a 12 or 14 year old boy. This situation is true in the relatively large number of rural schools even where the elementary grades and the high school grades are in one building. General shop experiences are not available to the boys in the upper elementary grades, although at that age they certainly are adaptable and trainable. We have the knowhow to operate multiple track programs for pupils of varied interests and varied abilities; but we need from two to four class sections at each grade level in order to do it successfully, and we need test specialists and guidance counsellors to work with the results. Our rural schools in the South generally do not afford us enough pupils to justify the employment of these staff specialists and so the program is standard, more or less cut and dried and for a number of students, deadly.

Next, for those who persist into high school, we encounter those conditions that determine that half of the children in grade 5 will never graduate from high school. Half of those who graduate from high school won't go to college and half of those who enter college won't graduate. Our Southern high schools are simply incapable of meeting these three demands that we identified earlier--college preparation plus job preparation plus experience with adaptability to change.

We have just completed a quality analysis of every high school in eleven Southern states including Virginia and North Carolina, Kentucky and Tennessee, but not including Maryland and West Virginia. There were 4,776 high schools and we have 8 to 10 IBM punch cards on each high school. We know a great deal about these schools. We were prompted to make this study by an earlier study in which we contacted over 1000 employers in the South who employ the greatest number of high school graduates. We determined the kinds of jobs for which they employ, what the job specifications are, and the kind of educational background and preparation the employers want in these workers. Then we went to 400 plus high schools. We couldn't find any correlation between the programs in the schools and what the employers said the youngsters needed to find a job. That prompted us then to find out just what the facts were. Two publications have resulted: In January 1966, a big book on High Schools in the South, with dozens of tables, state by state, and just this month, a bulletin or monograph based on this book entitled High School Size and Program Quality.

Some alarming things have shown up in the picture. The curse of an impoverished educational program is caused by the small enrollment size of the rural high school when kept small by the political, emotional, and selfish pressures of the so-called community. In these 11 Southern states, there are 1,586 high schools enrolling 500 or more students and 3,187 high schools with fewer than 500 students. This is just 7 schools more than an exact  $2/3$  in the excessively small category, but when one considers that the figures include those seventh and eighth grades that are grouped as a six year high school, the number of small enrollments is in still greater proportion. Even so, nearly 40% of Southern high schools enroll fewer than 300 students. The average rural citizen who came up through schools even smaller than this and made a success of his life, is prone to ask, "What of It?" Our school is small, but it is good and we love it and we are going to keep it." I, too, went to a small school, fewer than 100 students, a private academy; but there wasn't a student in that school who wasn't planning on going to college.

Are these small schools really good? We listed everyone of the 4,776 schools according to enrollment groups - smallest to largest and we tabulated data on 10 measures of quality or adequacy. Every one of these 10 quality factors increased in direct proportion to the size of school. The size isn't important but the things you can do with size are all important. The variety of academic subjects offered in the school, the number of courses that are offered in each academic area, the total number of courses offered in the school, the teachers teaching with less than 4 years of college education, the number of Bachelor degree teachers, those holding Master degrees or more as measures of qualification, pupils taught by non-certified teachers, the experience of teachers, the pupil-teacher ratio, the class size and the pupils taught daily per teacher as a measure of teacher load. In every one of these, size is a controlling factor.

What the study says is that whatever these levels of quality are in the average school of 300, they will be higher in the average school of 500, higher yet in the school of 1,000 and still higher in the school of 1,500 or more. Using 500 as the dividing point in Georgia, for example, in high schools under 500, 18.9% of teachers have Masters degrees while 27% of the teachers hold Masters in schools above 500. School librarians (21.8%) hold a Masters as against 47.5% in larger schools and among the counsellors, 45% in the small schools, 71% in the larger schools above 500 hold Masters degrees. We do not know how to force youth to take advantage of their opportunities, but we can say with certainty that a chance has to be offered to youth before it can be grasped. Take the all important measure of school subjects. The average offerings of schools above 500 pupils in the areas of music, art and industrial arts are two courses in music, 2 courses in art and 4 courses in industrial arts. In the South, in the schools under 500 the median offering is zero in each of these areas. This general picture is found in all subject areas and I can't see for the life of me when we consider the fact that we are greatly reducing the need for farm labor, and with increased industrial opportunities in the South how a school can justify its existence or its program when it doesn't offer such a basic preparatory opportunity as industrial arts in high school. Yet, half of our Southern schools don't have it.

Our research shows that most high schools offer enough courses to meet college entrance requirements and many of the small schools do a good job in preparing youngsters for college entrance. However, the small rural school with about 30 courses offers little more than college preparatory courses. The research proves



that if the student is not going to college and is to be given an equivalent break with the college preparatory group, that the high school must offer at least 3 times as many courses as are required for graduation. Thus, in a high school requiring 17 units for graduation, there should be at least 51 courses. Small schools cannot do this and they handicap the non-college bound youth by concentrating on college preparation. Why is this important? We have had an average decline of 200,000 per year in agricultural employment over the past 20 years--every year since 1945, and all reports point to a continued decline. For the surviving farm operators the typical Smith-Huges Agriculture Program in high school will not suffice. Not only do they need the capital necessary but they need graduation from the college of Agriculture in the generation ahead. Enrollments in vocational agriculture in high schools have increased 32.7% since 1940 while the opportunities of farm employment for high school graduates have continuously declined. In our 6 year high schools, of under 500 we typically offer 3 years of agriculture and 3 years of home economics, 4 years of business education; and nothing in trades and industry, i.e. other vocational-technical subjects, distributive education, diversified occupation and industrial arts. Thus, we enroll more youth in the areas where jobs are declining and make no move toward preparation for the rapidly developing employment opportunities in other work areas in the South. Neither job preparation nor adaptability training are now being provided. Less than 8% of the white high schools and less than 2% of negro high schools have courses in distributive education. We still measure the adequacy of education by the level "high school graduation" and I would ask graduation from which high school, because it makes all the difference in the world as to which high school a youngster attends.

These are the dimensions of rural Southern education. So what happens? Project Head Start, an effort to combat the deficiencies before children get to school, is labeled as a civil rights or Negro program and is cold shouldered in most Southern school systems. Project Head Start has had to operate outside of organized schools, in stores, in churches, and in empty buildings. Our Southern states are organizing area vocational technical schools because their organized high schools have been neither interested nor organized to provide the programs needed by the Southern people. The various titles under Public Law 89-10 including the innovative programs in Title III, and I sit on the panel that screens some of these programs, are conspicuously scarce in the South and particularly so in rural schools. Thus, we operate most of our rural school systems with no discernible relationships to life outside the academic areas, through the political and emotional tactics that have preserved the high schools in Iredell County in North Carolina, and Sally High School in Aiken County, South Carolina, and Prospect High School in Giles County, Tennessee and Hyatt School in Beauregard, Louisiana, and on and on and on. We have preserved hayseed rural schools for an agricultural society no longer populated by hayseed farmers. We have sounded the deathknell of local school adequacy as we have known it in the past.

Corrective programs for the improvement of the labor force are to be found outside of the schools and here we have a vicious cycle.

The South has been the prototype of the nation for large school system areas under one Board of Education - the County School System. In many rural counties, the county is obsolete as a governmental area and no move is under way to consolidate the counties for local governmental autonomy. Thus, we have most of our rural county school systems unable to organize their school centers into a defensible pattern. It is quite obvious to me that we must have a major overhaul of Southern

rural education and write the dimensions according to new specifications. Opportunity will expand the fastest for those who get the most education and training. This means that most of our rural youth must be educated to qualify for an urban, non-rural, non-farm life. The rural schools have not been able to do this job. To the message of "Go to school, young man, go to school", the local power structure in the rural community says "Amen, that is why we must preserve our local schools." However, those individuals who have had an opportunity to learn what good schools are like also say "Amen", but they add "it makes a difference which school you go to, and don't let it be the typical Southern rural school or you will be retarded the rest of your life."

The dimensions of rural education in our beloved South must be expanded. First, to organize and merge some county school systems so they can create defensible school centers, particularly high school centers so as to have where possible enough youth to populate the necessary variety of courses. This means about a minimum of 500, and preferably 1,000 pupil enrollment. Then, to reorganize the course offerings to provide for at least three times as many as are required for graduation. This will provide the alternatives to give an even break to those who will neither go to college nor stay on the farm. We can see signs over the country of some action programs. Evidences of progress include Virginia which has had 10 school divisions made up of two or more former divisions--although two of the 10 this last year have divorced and gone back to their separate autonomy. North Carolina, Georgia and Kentucky have the best advanced programs in area vocational-technical schools among our Southern states. These schools are operating successfully over a radius of 40 miles and the rural high schools should be stronger. In Alaska, where I had the privilege of working on the problem of local school organization after they got statehood, they refused to organize counties because they said the county is an obsolete sub-division of the state. In Georgia, the legislature just passed three weeks ago a law to put on the ballot this fall a constitutional amendment to make it permissible to merge two or more counties for local school purposes. We have recommended, the State Board of Education has accepted it and Governor Sanders has endorsed, that the State's local school boundaries be wiped clean and start all over again. Where we can obtain as many as 10,000 pupils we can provide a staff of 22 different specialists whom we deploy over this area. We don't haul the children over a 4 or 5 county area. The vocational technical area schools have shown the feasibility of deploying a staff over this kind of area. Pennsylvania has proposed 2,000 pupils as the minimum size of any school system that they will permit. Utah has 80 high schools, and they have a requirement that every high school must offer industrial arts for their youngsters, not as a college prep course but as basic education. Nevada has one school system extending 100 miles east and west and 150 north and south. In reorganization the Montello High School wasn't relocated because it is 100 miles from the county seat. Instead, they now have a staff of specialists to work with Montello High School which no school could have employed before this reorganization. We abolished our city schools in Nashville, and merged them with the county. After we got that done, then we voted a voluntary 1¢ sales tax on top of the state 3¢ sales tax because it can be spent locally for better school programs. Atlanta and Fulton County are talking merger. Louisville and Jefferson county have been agonizing over it for several years. Memphis and Shelby are talking. Little Rock and Pulaski County are talking. There are some signs of trying to move ahead in organization.

I went to Little Rock recently because as past President of the Arkansas Education Association I was entitled to go and vote as a delegate. The Association

had decided to sponsor an act to raise the minimum size of school districts from 350 pupils to 400 pupils. Arkansas moved to the 350 pupil minimum back in 1947. I couldn't go at that time but I sent a letter of protest. It did no good. They adopted the 350. This time I went over to protest this criterion of 400 pupils because it is so unrealistic. You can't have a decent school program if you have only 400 children spread all the way from grade 1 to grade 12. It doesn't even make a good high school, let alone a total school district program. I moved to amend their motion to adopt this 400 pupil plan by substituting "2,000" instead of "400", and it carried. Now back of it, of course, is the fury and bitterness of my friends who were wanting to move to larger school systems, and the glee of the small school people who came to defeat the proposal for 400. They knew if "2,000" goes on the ballot this fall there is not a chance of carrying it. I knew the politics involved, and yet I had a feeling that I had an obligation to the people of my native state to tell them where the progress road was. If they didn't start now, they will never get there. Well, I have been despondent every since that meeting.

Our local school leadership in many of our rural schools simply can't comprehend the needs of modern education for our rural youth. I have come to the conclusion that it is not reasonable to expect them to vote themselves out of existence. We had a good illustration in Oklahoma this last year when Tom McGee of Kingfisher County took the position that he had already reduced school systems to 8 in Kingfisher County, and look how far he is ahead of Muscogee County where they have over 30 school districts. There is no local leadership coming up through OEA to force the state to face this problem of reorganization.

My proposal is that we move to the state and regional level with leadership in all kinds of groups of non-school people, non-educational groups, and even groups interested in farm and agricultural policy. There is no better group than such as you to try to begin to get our people to think in terms of the Twentieth Century rather than the 18th and 19th century school systems.





## Rural Education: A Comment

by

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First I would like to commend Dr. McClurkin on his very fine job of presenting the need for consolidation of rural high schools in the South. This has long been needed and certainly needs more emphasis. A group such as this can take this message back home. This is most important at this time.

Dr. McClurkin notes the gradual disappearance of the very small elementary schools in this region. This has not moved as rapidly as it should. Desegregation, of course, provided one spur, but this has not been sufficient in many instances. A large part of the problem has been the rather frequent interpretation by school board members that their job was one of a largely political character. Rather, it is a trust from the population served, to provide them with the best possible educational systems for the area young people. The county school district in the South has provided the mechanism for easy consolidation by administrative decision but it has been used very sparingly.

Dr. McClurkin has also pointed out the need for more support for education by general population in the South. With more industrialization such support is likely to be forthcoming. In the meantime, however, it is not difficult to understand the lack of such support since the general educational level in Southern rural areas is so low and income levels are also low. Couple these with the apparent lack of substantial return to the community from the money invested in the education of young people who mostly migrate from the area and there may be some wonder that education gets the support it presently has. This, of course, is the primary argument for greater support of education from the State and Federal levels of government and again this ties in with the particular suggestion that Dr. McClurkin has made. The area receiving these educated young people or partially educated young people should contribute to seeing that the incoming migrants are more adequately trained to serve the needs of urban or semi-urban employers. Of course, the old question of control is raised here; and then, too, the receiving areas don't care to pay any greater taxes than they have to. With opposition at both ends, it takes a great deal of imagination and fortitude on the part of administrators to devise programs which can accomplish the purpose without alienating either local school boards or the urban tax payers. But, the problem is not going to disappear, and efforts to stimulate good leader support for education at the local level certainly need to be increased.

At this point, I would like to call attention to the relation of Dr. McClurkin's paper to the other topics that have been presented thus far in the Conference. Speaking of rural education, the focus has been on youth, naturally, but I should comment here that there has been also mention of the education of adults. Thus far most of the speakers have been concerned about the farm labor problem: the family workers, the hired laborers, and whatnot. Dr. McClurkin has been talking about all of the young people of rural areas and this somewhat changes the picture. Though, as was pointed out, a good many of the farm laborers have been moving to nonfarm types of jobs rather than being purely farm workers themselves. The point is that the large share of potential labor supply is either in school or is influenced by school to make it less accessible to those desiring relatively unskilled farm laborers. In this connection, it would be proper to say that the interests of the professional educators and those of the majority of farm labor employers are completely or almost completely at odds. The educators are interested in seeing to it that all those who can profit by training are given as much training as they can readily absorb so they can demand and receive as great an income as possible. For the employers of farm labor, the interest is in having as much labor as needed at the place it is needed and at the time it is needed, and quality of the labor, as was mentioned this morning, is certainly a consideration. Still the interest, quite properly, from a business point of view, is in getting such labor as inexpensively as possible. Highly trained laborers of course, do not come cheap. So such employers, or potential employers are likely to be opposed to any program which effectively deprives them of their cheap labor supply. I have the feeling that it is impossible to completely satisfy either of these interests and that eventually the interests of the larger society will decide the issue. It's likely that this decision will be more in favor of the educators while lip service is given to the needs of the employer.

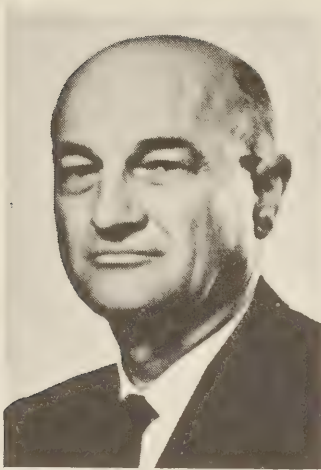
One value was specifically mentioned by Dr. McClurkin but with an entirely negative overtone. This has to do with the feeling local rural areas have for the schools which they feel have served them so well. I have to agree that there is frequently too much stress placed on such feelings to the detriment of the formal education of the children. There is reason, however, to sympathize with these people who are losing the symbol and the institution around which they are organized informally if not formally. The rural school has provided the community something with which it could identify, and so provided a cause for cooperation. There is need for some adequate substitute for these schools in order to keep the community feeling alive and hopefully constructive. This is a difficult area and we need some more imaginative thinking on this matter.

Regional research has made it clear that the lack of sophistication in organizational knowhow is one of the problems of rural residents in low income areas in the South. School related organizations are a poor second in terms of the types of institutions around which these people are organized. The church, of course, is first with some 97% of those who participate in any formal organization. In the Central Appalachia area, (this includes Eastern Kentucky, Tennessee, western North Carolina and part of the western part of Virginia) some 40% of the rural households in low income areas were not participant in a single organization. They simply cannot get the know-how to make an organization operate and get things done which have to be done collectively without such experience. The loss of the local school would have little effect on those not presently participating at all but it would tend to remove the most important secular organization from many small communities. While this lack of participation has serious implications for some of the programs designed to combat poverty, it also says something about the difficulty of reaching many of these people who are potential laborers.

Let me turn to two points at which I see matters rather differently from Dr. McClurkin. The first of these has to do with his point that the changes in the application of agricultural technology cannot be halted "by politics or legislation or money or even hard work". The second has to do with the definition of agriculture. About the control of change in agriculture to both politics and legislation little needs to be said to this group because most of you are fully aware of the influence exerted by such things as milk marketing orders, acreage allotments, exports subsidies and the like. I would like to point to one clear example in this area, however, which has to do with the concentrated whole milk product that was developed in Wisconsin. This product happened to have the rather desirable at least from the homemaker's point of view, characteristics of being approximately 1/3 the volume of whole milk and has an unrefrigerated shelf life from 6 to 12 weeks. Well, Wisconsin producers would certainly like to make it available everywhere they possibly could, but there are apparently some interests which take precedent. This is where the politics and legislation get involved. Dr. Bishop this morning mentioned the number of programs which have to do specifically with manpower and agriculture, some of which have not been utilized to the extent that they possibly could by the society.

In the matter of definition of agriculture, there has been a real effort in the past decade to broaden this term to include more than just farming. The justification for this is that many of the inputs which the farms used to produce are now purchased from non-farm sources. The shift from feed for the mules to gasoline for the tractor is an instance, and many of the processing and marketing operations have passed into the hands of more highly specialized operators. I am not sure this change in definition does anything for the problem of locating adequate supplies and cheap farm labor, but it has had a significant impact on some of the programs that have been going on for some time and on some that are quite new. The definition has made many aware of the very large number of occupations for which some background or training in agriculture is a distinct asset. It has also helped many to see the close tie-in of the basic biological and physical sciences to the production of food and fiber. This has resulted in the development of some experimental programs in vocational agriculture, for example, one of which involves converting the first year in agriculture in high school to a course where agriculture is treated as the application of these basic sciences. It might be said that the shift has been toward the "why" and away from the "how". An attempt is also being made to institute this change in most of the schools with vocational agriculture programs. Such a change will follow the usual defusion process which can be speeded up or slowed down by pressures from various sources, but certainly cannot be side-tracked completely. It is in this area that Dr. McClurkin's suggestion that the emphasis should be given to influencing state and federal legislation that changes can indeed be brought about more effectively than they are presently being accomplished.





## Some Realities About Agriculture and Labor

by

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Before I get through this paper all of you will know that it is an incomplete treatment of an important subject. The purpose here rests upon the hypothesis that there are important relationships between agriculture and labor and that they need to be reviewed studiously for the benefit of our total society. Relevant literature on the subject is difficult to find at best. Therefore, more questions will be raised and answered.

How do we define agriculture and labor? Both could be defined in terms of their pressure groups; however, this paper is not intended to be political, nor is it intended to be a discussion on equalizing the pressures. Rather, it is hoped that it will be about the primary interest areas that are found within the framework of agriculture and of labor. Obviously, at some point, the interests do become political because through the political process we reflect the ways to attain the ends of society.

Agriculture relates most directly to the tilling of the soil and the enterprises related thereto. Therefore, stock raising, related business enterprises, and some manufacturing are appropriately identified as agriculture. The institutions assigned the task of being concerned with agriculture have included the farm home in their sphere of concern, as they have argued over the years that the home on the farm could not be separated from the tilling of the soil. Therefore, home economics came into being in colleges of agriculture. County agriculture extension agents, home economics extension agents, and youth extension agents worked together as teams; and the family farm has been epitomized as the basic economic and social unit of agriculture. However, this relationship as heretofore conceptualized shows up now as a weakness when the emphasis shifts from the theology of tilling of the soil to that of maximizing satisfaction, or welfare, to the human being irrespective of whether he resides in the countryside or in the city.

Labor refers primarily to the social group doing "blue collar" work. It places great stress upon the worker as a person rather than as an instrument of production. Because of the vast new changes in the structure of workers brought on by automation and mechanization, which places the blue collar identification in question, the social group we call "labor" may be broadly called the "working class." In the industrial society, labor refers to the managed rather than the managers.

When we compare agriculture and labor on the basis of what are the measurements of success, we find the indices for production per unit of input measures agriculture success and the benefits gained for the worker from the employer represents accomplishment by labor.

Associated with each of these groups--the tiller of the soil and the worker--is a structure of agencies and organizations presumably concerned with and supportive of their respective group. We may call the combination of agencies and organizations the agricultural establishment and the labor establishment, respectively.

### The Problem

The problem is put in the form of a question. "Is there any significant advantage to the total society for closer working relationships between agriculture and labor in policy formulation?" This question is very important at this moment in the history of our nation because of the problems faced by agriculture and by labor with dimensions that are similar.

On the point of relationships, it is well to state now that in the history of legislation going before Congress over the years, organized labor as a pressure group, generally, has not stood in opposition to the various agricultural programs. In the main, it has been found usually on the side of agriculture. The inverse of this cannot be said for agriculture.

### Historical Setting

Agricultural development came as a result of a well-integrated system of agricultural organizations. The development of national farm organizations such as Grange, Farm Bureau, National Farmers' Union and the National Farmers' Organization produced leadership and professional competency. These well-organized farmer movements had the objective of bringing about improvements in agriculture through generating enough pressure to enforce legislative action.

As one example we would mention the Grange which was organized in 1874 as a reaction to the high freight rates, the dependence for credit upon the eastern loan sharks, the exorbitant charges of grain elevator companies, speculation in grain and cotton, and high tariffs. These factors affected farmer development and were considered as evils by the farmers.

Other movements such as the Greenback Movement organized by farmers were concerned with the unfair practices associated with land, taxes, currency, banks, railroads, communications, etc.

We must not overlook the Country Life Commission Report of 1909 which came out under President Theodore Roosevelt. It called for a new rural society; a new rural social structure; new leaders, who must be farmers, to throw themselves into service for up-building their communities; a new race of teachers; and a new rural clergy. Great emphasis was placed on the values of country life.

While the American farmer has attained a position of status in the American society, the term farmer does not exist in most of the other societies of the world. The world counterpart to a farmer is called a peasant, and he is considered generally as a sub-culture and perhaps a lower class of the total society. The farmer is considered by peasants as a man of much higher status. Among U. S. farmers today, even the term farmer is going into disrepute and it is being replaced by "grower" or "producer."

The blue collar worker in our society has had a low status position in society, and he, too, has made significant strides in elevating himself into a higher social class. In the main, the worker used the method of trade unionism for earning the benefits which today are rated among the highest in the world. The instruments of protest as used variously by organized labor have been effective.

Trade unionism is as old as the nation itself. Among the earliest of the efforts for attaining stature among the workers was a secret group called the Knights of Labor. By 1869, it began to assume the characteristics of a movement by appearing in the open as the union of all workers, skilled and unskilled, manual, clerical, professional, and even for small businessmen. By 1886, it had attained a membership of close to one million. The American Federation of Labor (AFL) followed the Knights of Labor. The AFL was dedicated to the principles of craft unionism, autonomy, and of collective bargaining to win recognition of organized labor as improvement in the conditions of the working man. By 1920, it had over five million members.

It wasn't until the New Deal and the passage of the National Industrial Recovery Act of 1933 that labor as a social group became a major factor in U. S. life. The NIRA included protective labor legislation, minimum wages and maximum hours of work to be set for each industry under an approved code and labor relations legislation. Over the years great gains have been made with the subsequent formation of the United Mine Workers, United Ladies Garment Workers Union, Amalgamated Clothing Workers, and the Committee for Industrial Organization (CIO). The benefits obtained for the working class are legend. The unions have been successful in placing the American worker in the middle class of society. Therefore, through trade unionism and through government agencies, labor has been successful, as was agriculture, in elevating itself to a respectable place in our society.

I believe that it is fair to conclude that without farmer movements and the labor movements, which are parallel in many respects, what we call the great middle class would not exist today. As we all know, our strength as a nation rests upon attaining and maintaining this structural relationship. Do you agree? As the agriculture movement was essential to the pre-industrial society, perhaps the labor movement has been necessary to the industrial society which now seems to be the stage of our history.

#### Relevant Trends and Forces

One could identify many trends and forces affecting our topic. A quick review on the horizon shows many that are propelling us as a nation at a very fast rate into a new world. For the purposes of this paper, I shall refer to five important trends or forces relevant to the topic.

The first of these deals with the force of production and output. Sustained growth of the Gross National Product (GNP) is considered as important to the welfare of our nation. If we project our present rate of economic growth--3.9 per cent annually--we may expect a per capita income of \$3,066 in 1975, which compares with \$2,440 in 1930. A very important question concerns how it is to be distributed among the people representing the various social groups of our total society? I think agriculture and labor have a common interest and concern here.

A second great force is that of industrialization and urbanization. If industrialization is the transition course from an agricultural society to an



Industrialism is the bed-mate of urbanism. Combined, they have brought (a) extensive division of labor; (b) specialization; (c) a larger and more complicated social system which is unified by transportation and communication; (d) stepped-up social interaction which is continual and widespread; (e) the prevalence of many new institutional patterns; (f) minimum wage laws; and (g) family patterns which cater to the norms of materialism, success and accomplishment. With the combination has come, also, the mass society.

If industrialism and technical proficiency are to be sustained, a well-disciplined work force, developing new and high skills, as well as a wide variety is essential. Should agriculture manifest a significant interest in development of skills?

A lesson we have learned is that a community attempting rapid industrial development based on a surplus supply of low skilled labor will find itself suddenly running out of growth potential because it will be working against itself, as it cannot build upon a foundation of cheap labor. The correlation between cheap labor and low level of community amenities, which are requirements for industrial development, is very high. From the present-day newspaper pages, we can read of the difficulties experienced by industries in moving their executive leadership to the country town or rural situation. The absence of a highly qualified labor force is as serious an impediment to growth as is the shortage of capital goods. In most of the rural communities, especially those most undeveloped, there is an absolute scarcity of professional, technical, and managerial workers. It is this group that is important to the structure of the industrial organization as well as to the development of a skilled working force in the community.

A third great trend is the decline of agrarianism and the shift to economic commercialization of agriculture. Pure agrarianism rests upon three dogmas frequently stated and accepted as factual basis for deducing broad generalizations and for developing policy guidelines. They are (1) the farmer is the most noble and independent man in our society; (2) agriculture is a fundamental employment of man because the rest of our economy depends upon it; and (3) agriculture life is the ideal life because it is concerned with nature and in the natural way. In spite of the great success of the agricultural revolution in the United States, the voting power of the American farmer has declined to the point where his voice in national politics is weak. In addition to the great reduction in numbers of persons responsible for agricultural production, great shifts are taking place in production from the small family-type farm to the large commercial farm, and from regions of less comparative advantage to regions of more comparative advantage. With the small family-type farms distributed somewhat evenly throughout the United States you can see the problem.

If the estimated necessary production for foreseeable consumption could be produced by one million farms, as has been predicted, then the more than two million subsistence farms have to wait only for time and circumstance to relegate them to the world of the non-existent. It isn't likely that the current urge to feed the world will be of much help to these smaller units. It will only speed up the commercialization process.

We do not need to be concerned here with the commercial farm operator or the communities made up of commercial farm operators, but doesn't the industrialization process and the interest of labor have something to say to the communities of small operators?

The fourth major force may be called the onrush of youth. Babies born during the boom years following World War II will soon reach their majority and thus significantly lower the average voting age of the voting population. The average age of the total population was 33 years old in 1960; in 1968 it will be about 25.

Much is being written these days about the mentality of youth, especially about the sharp divergence of their thinking as compared to the thinking of the present generation. Whatever their basic logic will be is bound to have a major impact upon the planks of the political parties and the selection of candidates. Without doubt youth stands for reform and perhaps a new integrity centered about the dignity of man.

The fifth major force of significance is science as it affects the cultural underpinnings of our American society. One should not doubt the impact of new scientific achievements on the changes in the values and beliefs of our society. Furthermore, science is the greatest of all prompters to precipitate change and adjustment. As the American goals are better understood and as the activities of life become more complex, science, as a cultural force, will be increasingly relevant to life. To get a sense of the magnitude, public and private funds combined in 1964 on research and development amounted to the astounding figure of \$20 billion--about three per cent of the GNP. Thus, politicians will be depending more and more on the achievements of science to guide their actions and the everyday activities of the citizen will depend more and more on scientific achievement for his future plans.

From these trends and forces we may conclude that great changes in thought, custom and action are in store for us--an old conclusion, isn't it?

The logic presented so far suggests that the concept of agriculture needs to be redefined. Logically it could be divided into two areas of concern: (1) farming and related business enterprises, which is an economic and scientific production concept; and (2) into rural, which is a people-related concept. If done this way, then the inter-relationships with labor stand out more clearly. Do you agree?

### The Main Questions

Our basic question relates to the significant advantage to the total society for a closer relationship between agriculture and labor in policy formulation.

The basic hypothesis to pursue in attempting to respond to the question does not lie in combining forces in all lines of endeavor; nor does it lie in an amalgamation of the organizations into one organization, but rather it is to be found in retaining the identity of agriculture and of labor and in joining forces to the resolution of certain areas of common concern which would, indeed, be an advantage to the total society.

Let us respond to the basic question by raising probing questions which, when responded to, will throw light on the main question. The first question is: In what respects are agriculture and labor at variance with each other as interest groups? Without taking a great amount of space and time, let's deal with the four primary areas of difference. These are (a) taxation; the farming population favors sales and income taxes whereas the labor group favors property and income taxes; (b) in rule making or policy formulation, agriculture would like to be in control

and so would labor. Then they could affect the rules to be favorable as they related to their respective businesses and occupations; (c) concept of property rights. Agriculture holds that property is inviolate and that the independence of the individual is associated with his property, his right to do with it as he pleases, and to control it similarly, whereas, labor may have strong feelings about protecting the right to own and derive the benefits from property but it is willing to accept social planning and control more quickly than agriculture. (d) In wage rates, perhaps the difference is the sharpest here because the farming population likes to have low labor rates whereas labor wants high rates, especially, minimum wage rates.

We will not carry the discussion on these four differences further. There are many areas in which there is agreement which we will take up later. I might add in passing that one of the differences that has shown up in the public debate is in daylight savings time. The worker likes to quit an hour earlier in the afternoon whereas the farming population believes in working by nature's clock, which is the rising and setting of the sun.

A second relevant question is: In terms of the goals of our total society, what are the primary problems being faced by the agriculture and labor establishments?

One of the outstanding problems of the agricultural establishment has been its inability to anticipate the effects of its teaching. The leaders of agriculture recognized that a declining agriculture, relatively, was essential to economic growth in the United States, and to that end it beamed agriculture technology; but the results are turning out to affect adversely the forces that speeded the relative decline. If the leaders could have anticipated the future structure under the conditions of an expanded but greatly shifted agriculture production, perhaps the agricultural sector today would be integrated more favorably into the larger society.

A second major problem is to be found in the inability of the establishment to apply appropriate planning concepts to rural areas as has been done in the urban and metropolitan areas. Agricultural planning, in a highly refined sense, could define problems, focus attention on the critical points where change is needed, protect farming areas from needless exploitation and improper use, formulate means for attacking obstacles, develop goals, identify potential growth possibilities and encourage careful consideration of the "environment" within which agricultural development must take place. It is a real paradox that in a country where the finest statistics in the world are available on future food demands, on industrial crop demands, on industrial population growth, on shifts in age composition of the population, on changes in diet preferences, and in marketing trends that agricultural planning at best is haphazard. It is a fact of life that agricultural areas have been exploited in hundreds of ways. Examples are mining, real estate development, plant location, water use, hunting privileges and hundreds of other ways.

The third problem is found in the inability of the establishment to develop a greater appreciation for education and for health care in rural areas. Today, this stands out as one of the very significant needs. Youth in rural areas complete fewer years of schooling than in urban areas; the dropout rate is greater; the average annual salary of instructional staff is less than in urban areas; and the dollar investment per student is less. If the area is non-white, then the combination of non-white and rural is reflected in extremely inadequate school situations. For



health care the same general relationships prevail. In spite of the many reasons given why education and health care are of lower status in rural areas, the major failure has been the inability to convince the farm family that education for the son of a farmer was important.

The fourth problem of the agricultural establishment is found in the lack of programs to assist with migration of farm families displaced by consolidation of farms or who have been crowded out by inefficiency. Furthermore, there is a lack of programs to provide employment training for a surplus supply of rural youth.

Over the period 1940 to 1962, 23 million persons migrated from the rural areas to urban areas. Thus, nearly 50 per cent of the farm operators have migrated from the farms in the last 30 years, and only one of seven youth has had an opportunity to become a farm operator.

Not one state or federal program of significance has been developed to deal directly with the specific problems arising out of this mass migration from the rural areas. Persons leaving the rural areas for work in urban centers do so in ignorance. Rural youth go into urban centers most poorly trained of all youth.

The travesty imposed on rural youth is without excuse from either a social or economic welfare point of view. All of this because this nation has not developed an explicit manpower policy for agriculture.

From the foregoing problems, one may deduce that the missing programs are on the human side that labor may have something to contribute.

The problems of labor parallel in some respects those of agriculture, yet differ in other ways.

Labor, like agriculture, has a major problem originating from its inability to foresee the impacts of its success. Higher wages and more worker benefits raised costs to the enterprise and thus encouraged the adoption of labor-saving technology. Labor encouraged such development, or at least it didn't object substantially, because the savings meant higher productivity and higher wage rates and benefits. Consequently, the blue collar group has become a minority social group in our total society as has agriculture.

A second problem stems from the first. Labor is faced with the matter of definition of labor. Mechanization and automation requires workers with white collars having high technical skills to the demise of the blue collar group. At the other end of the scale there is the large group made up of the Negroes, the agriculture workers, southern industry workers, and the foreign-language groups. Should it concentrate on either or both? Like agriculture, as its original definition becomes less useful, it is trying to find a new orientation.

A third problem concerns the inability to reawaken or find a substitute method for the "fighting interest" so characteristic of labor protest efforts. Painful introspection by organized labor so far has not found the answer. Similarly, agriculture has not found the answer in substitutes for older methods that worked.

The fourth problem concerns the inability of the labor establishment to relate the individual worker to his community and society in meaningful ways. Strong efforts are being made by organized labor to find methods for participation in the community.

The third important question is "What would society want of agriculture and labor?" A logical answer to this question is that it would want agriculture and labor to join forces to accommodate the needs of a modern society, which seems to be an urban type of society. If agriculture and labor were to combine their forces to accommodate the needs of the modern society, they would look seriously to the neglected areas shown here as failures. Needed in the rural areas is a new countryside, an influx of the urban amenities, a need for a new posture in larger society and, in general, an overall structure of values and organization which reconciles the differences between an agrarian-oriented society and an industrial-oriented society. But perhaps needed most of all is a sharp upgrading in human skills.

#### Relevant Generalizations

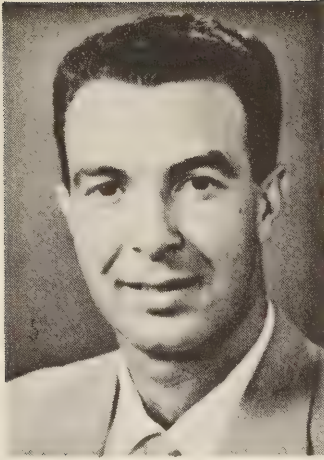
As we have pursued the question of agriculture and labor in this paper, it turns out that the basic issue is not one of reconciling the conflicting interests between agriculture and labor but to find ways in which the agricultural and labor interests can adjoin themselves to speed up the urbanization and skill development of the countryside.

We may hypothecate further by saying that a continued lack of or low appreciation for education by the people in rural areas is completely incompatible with the need for trained labor in the urban and industrial society. The requirements of the industrialization process favors the interests of labor more than agriculture. Should agriculture, because the industrialization process favors the interests of labor, stop, hinder, or slow it down? A more relevant question is: "Suppose it wanted to help the industrialization process, what would it do?" One of the major ways for the agricultural establishment to make significant improvement is to train a managerial class and encourage the training of a skills and crafts class.

Agriculture and labor leaders should sit together and discuss their areas of mutual interest to find ways of identifying common interests with each other. No major interest group can achieve its own purposes without regard for social welfare because of the increasing interdependence among industry components in our economy. Obviously, the major problem areas for working together are to be found in the field of education, welfare, in the field of training persons for the skills of a labor force, and in developing an orderly system of living for the countryside, especially in the countryside being depopulated of its farm operators or managerial class.

This talk which started out to relate agriculture and labor has turned out to be (a) a discourse on industrialization; (b) a strong argument on education; and (c) proof that the differences between agriculture and labor, whatever they may be, should not be an impediment to cooperative action. Finally, this paper can only be considered as opening the subject. Certainly there is need for a clearer delineation of the problem and traditional symbols.

It is true that society will not judge success of an interest group on whether it is a success in attaining its own private objectives but whether achievement of its interest is in the public's interest. We'll conclude with that as the most powerful conclusion that can come from this study.



## Recent and Pending Farm Labor Legislation

by

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In the summer of 1936, James Agee and Walker Evans spent one month recording in prose and pictures the day-to-day existence of sharecropper families. "Let Us Now Praise Famous Men," published in 1940 brought together and expanded the articles and photographs stemming from that experience. The following passage is from a chapter titled "Money":

What is earned at the end of a given year is never to be depended on and, even late in a season, is never predictable. It can be enough to tide through the dead months of the winter, sometimes even better: it can be enough, spread very thin, to take through two months, and a sickness, or six weeks, or a month: it can be little enough to be completely meaningless: it can be nothin: it can be enough less than nothing to insure a tenant only of an equally hopeless lack of money at the end of his next year's work: and whatever one year may bring in the way of good luck, there is never any reason to hope that that luck will be repeated in the next year or the year after that.

Agee and Evans were describing the economic plight of tenant farmers in 1936 but the same description of uncertainty and despair could be applied to the economic and social conditions confronting farm workers today.

I have been allotted 40 minutes to speak on "Recent and Pending Farm Labor Legislation." If Gene McMurtry had asked me to discuss only enacted legislation, 10 minutes would have been more than sufficient, and I could have discussed not only recent but all farm labor legislation. For the simple fact of the matter is that there has been very little in the way of legislation affecting farm workers. Unless, that is, one were to tally what might be described as negative legislation, e.g. the specific provisions which exclude agricultural workers from coverage under the social legislation applicable to nearly all other workers. Senator Harrison A. Williams, Chairman of the Senate Subcommittee on Migratory Labor has made this indictment:

Almost three decades ago we gave ourselves basic standards of minimum security: minimum wages, unemployment insurance and workmen't compensation, the right to bargain collectively, adequate provisions against child labor. All of these things we gave ourselves. But we refused to give them to the American farm worker.



Predictably, many of the pending farm labor bills are directed towards removing the exclusionary clauses from existing legislation. I will discuss these pending bills in a few minutes but first I would note that the situation is perhaps not as bleak as I have made it out to be.

Certainly, within recent years, there has been increasing public awareness and concern about the problems of farm workers, particularly migrant farm labor. In 1960, Edward R. Murrow, David Lowe and Fred Friendly made Thanksgiving more meaningful to television viewers who saw the CBS Reports production "Harvest of Shame." For many people, it was their first look at the other America. Murrow educated his audience with a devastating visual shock treatment. "Harvest of Shame" showed some of the worst migrant housing on the East Coast. The program ignored those employers who provided decent housing, only the filthy, dellapidated shacks, many of which unfortunately are still being used today, were shown.

That one television program aroused the public and the Congress in a way that voluntary organizations in over 40 years of dedicated work providing health and educational services to migrant workers and their families had not been able to do. In 1962, Congress passed the Migrant Health Act which provided \$3,000,000 annually for migrant health clinics, immunization, and pre-natal and natal care. This Act was extended for three additional years in 1965 with an authorization to provide hospital care for migratory farmworkers and their families. To finance this hospitalization and to expand existing migrant health programs sums of \$7 million, \$8 million, and \$9 million were authorized for fiscal years 1965, 1966, and 1967. But in spite of the additional funds authorized and the new programs enacted, Congress appropriated only \$3 million for the fiscal year ending June 30, 1966. This small appropriation not only severely limits existing programs but makes the implementation of the hospitalization provisions of the Act impossible. An attempt will be made this session to obtain the full appropriation that has been authorized.

In 1963, Congress enunciated a new policy with regard to the use of temporary foreign agricultural workers. Public Law 78, under which more than 400,000 Mexican contract workers (commonly called "braceros") had been permitted to enter the United States for farm work during the peak years of the program, was terminated effective December 31, 1964. While the program had been beneficial to the braceros and the Mexican economy--annual remittances were approximately \$40 million--the importation of foreign labor adversely affected the wages and working conditions of American workers.

Congress' mandate to minimize the employment of foreign agricultural workers has been achieved. Admissions of foreign workers for seasonal employment in U. S. agriculture declined 83 percent--from 300,000 to 36,000--between 1964 and 1965. Average domestic seasonal worker employment increased by 20,000 (12 percent) during the same period in crops and States in which foreign workers were employed in 1964. Moreover foreign-worker employment declined from about 7 percent of total seasonal worker employment in 1964 to 1 percent in 1965. There were also significant wage-rate increases, particularly in States like California which had previously employed large numbers of foreign workers.

The Farm Labor Contractor Registration Act was approved in 1964 and became effective January 1, 1965. This law, administered by the Labor Department, is intended to protect both farmers and migratory farmworkers against unscrupulous labor contractors or crew leaders who operate interstate. Men who organize and lead

crews of ten or more from State to State are required to register and to make reports of their activities. They are also required to carry public liability insurance covering the migrant workers transported in their vehicles. During the first year of operation there were nearly 2500 applications for licenses out of an estimated 8000 crew leaders to whom the law would apply. Only 900 could qualify. The primary reason for the failure of most farm labor contractors who applied to receive their certificate, as well as for the low percentage of applications, was an inability to obtain the insurance required by the Act.

Some progress has been made in improving farm labor housing. Under the Housing Act of 1964 there was a provision for a program of grants and loans to construct low-rent housing for migrant and other domestic farm workers and their families. Although \$10 million was authorized for the program, Congress did not appropriate any funds. The Housing Act of 1965 provides \$50 million over a five-year period for Federal grants of up to two-thirds of the construction costs for farm-labor housing. To be eligible an applicant must be a State, or a political subdivision, or a broadly based non-profit organization which intends to provide the housing as a community service. The rental charges must be approved by the Farmers Home Administration of the Department of Agriculture, which administers the bill, and must be within the worker's ability to pay.

For the fiscal year ending June 30, 1966, only \$3 million of the \$50 million authorized has been appropriated. At current construction costs of \$6,000 a unit, funds for the construction of only 666 units are available. This amount would not fulfill the needs of California alone or those of the other States where the housing shortage has reached critical levels.

Grants have also been made under the Economic Opportunity Act for the construction and improvement of migrant labor housing. And under this act funds have been provided to establish and operate day-care centers, to establish adult literacy programs, to provide special educational programs for the children of migrant farm workers, and to improve sanitary facilities for migratory labor. Nearly \$15 million was approved for these kinds of projects during the first fiscal year of operation. The program is expected to continue at the same level during the next fiscal year.

I would like to turn now to legislation which is pending before Congress.

A bill pending before the Senate Subcommittee on Migratory Labor would amend the National Labor Relations Act to extend collective bargaining rights to agricultural employees. Hearings have been scheduled by the Subcommittee for March 14 and 15 in the Delano area of California, where a strike of grape workers is underway. There is a great deal of opposition to covering farm workers under NLRA. Opponents contend that agriculture is a unique industry and that farmers, unlike other producers, have no way of recouping losses incurred in the course of a strike. The Secretary of Labor has given his support to the principle of coverage but has emphasized the need to make special provision against crop losses.

Another bill would create a council of 15 members, appointed by the President, which would have the duty of advising him and the Congress with respect to:

- (1) the operation of Federal laws, regulations, programs, and policies relating to any and all aspects of migratory labor;
- (2) any and all other matters relating to migratory agricultural labor.

The council would submit an annual report of its findings and recommendations to the Secretary of Labor for transmission by him to the President and to the Congress.

Opponents argue that such a council is not needed; that enough studies have already been made and it would be a little more than a government-financed protest group. Questions have also been raised regarding the composition of the council, with charges that it would not be representative.

A voluntary farm placement program supplementing the present Federal-State procedures would be provided by the Voluntary Farm Employment Service Bill. The bill proposes to meet the problems of providing fuller employment for farm workers and of assuring growers that sufficient qualified workers will arrive at, and stay for, the needed time. Under a voluntary program farm workers would be assured transportation and they would enter into written contracts with their employers. Many of the contract provisions would provide the same employment conditions that have long been assured to foreign contract labor.

Farm organizations strongly oppose this bill. They argue it would give the Secretary unlimited power to fix wage rates and would in effect, make him the sole labor contractor in the country. They also contend that by administrative regulations the Employment Service would make this a compulsory rather than a voluntary program. Finally, what is perhaps their greatest fear, such a recruitment and placement program would foster unionization of farm workers.

There is a bill pending before the Senate Finance Committee and the House Ways and Means Committee which would provide a tax incentive to the farmer in the construction of farm labor housing. This bill would amend the Internal Revenue Code to permit a rapid tax amortization of construction costs over a period of five years. Under present law, such costs must be depreciated over the useful life of the housing, which may be as long as 40 years. The five-year amortization would also be available respecting the costs of alteration or remodeling of existing farm labor housing.

To qualify for this tax benefit the owner would have to: (a) provide decent, safe, and sanitary housing for agricultural workers, furnished either rent-free or at reasonable rentals in view of the occupant's ability to pay; (b) during the five year amortization period make the housing available primarily to American agricultural workers; (c) maintain the housing in accordance with minimum standards of safety and sanitation.

The administration has given its support to the Unemployment Security Amendments Act of 1965--a bill that would provide unemployment compensation coverage for American farm workers.

While the laws of most States permit voluntary coverage of agricultural employees, little use has been made of this option since state eligibility of employment requirements bar most farm workers. At the present time, agricultural workers are eligible for unemployment compensation benefits only in Hawaii, the District of Columbia, and Puerto Rico.

The principal arguments made against coverage of agricultural workers are: (1) farmers do not maintain adequate records, (2) it would be administratively unfeasible, and (3) the cost would be prohibitive. Recent studies in Arizona, Connecticut, Nebraska, New York, and Texas have shown that farmers keep much better books than they are given credit for, that coverage of farm workers presents no insurmountable administrative problems, and that the cost of coverage would not be significantly higher for agricultural employers. In one state (Connecticut) the cost would actually be lower.



The administration's bill would extend Federal-State unemployment compensation coverage to all agricultural employees performing farm labor for employers who used more than 300 man days of hired farm labor in any one of the four preceding calendar quarters. States would be prohibited from requiring more than 20 weeks of employment in a base period for a worker to qualify for unemployment benefits. This change in the number of weeks which States may require for eligibility would enable many more farm workers to collect unemployment compensation benefits than would have otherwise been possible. And States would be required to extend payment of unemployment benefits for at least 26 weeks.

At present the employment of children in agriculture is prohibited during school hours. A bill amending the Fair Labor Standards Act would limit agricultural child labor outside of school hours and when school is out of session. A child would be permitted to work in agriculture outside of regular school hours or during vacation on if, (1) he is 14 years of age or over, or (2) he is between 12 and 14 and commutes daily not more than 25 miles from his permanent residence and either has the full consent of his parents or is employed on the farm as his parent. In addition, the Secretary of Labor would be authorized to issue regulations barring children below age 18 from work on particularly hazardous farm operations. No restrictions would be imposed on the employment of children working for their parent on a home farm.

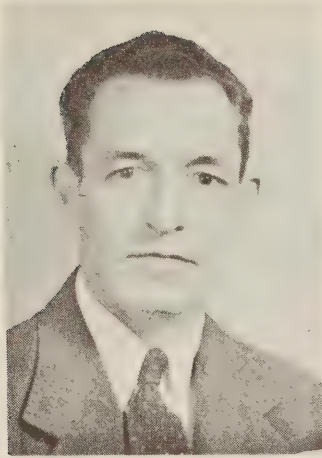
There has been little opposition to this proposed legislation although several farm groups have argued that it would deny employment opportunities to children and deprive them of a source of income.

I have saved for last discussion of minimum wage legislation because the House Labor Committee is expected to bring a bill to the floor this week. Several changes affecting the **extent** of coverage and the wage level were reportedly made by the Committee after consideration of the testimony offered at hearings held in 1965. There are also differences between the House proposal and the bill pending before the Senate Subcommittee on Migratory Labor.

The Senate bill would amend the Fair Labor Standards Act to cover all employees performing hired farm labor for an employer who uses more than 300 man-days of hired farm labor in any one of the four preceding calendar quarters. Proposals have been made in the House to cover only employers using 500 man-days of hired farm labor. A 300 man-day test would extend coverage to nearly 70,000 farms employing about 600,000 workers; a 500 man-day test would cover an estimated 50,000 farms employing 500,000 workers. The House is also considering a provision excluding certain piece rate workers that could further limit coverage.

Both the House and Senate bills set the minimum wage at \$1.15 per hour during the first year. The rate would rise to \$1.20 during the second year; \$1.25 during the third year and to the level of the general minimum wage thereafter under the Senate bill. But the House bill would increase the minimum to \$1.25 per hour in the third year and does not provide for any additional increases.

I would like to close with this observation--these bills do not advance any radical proposals. They have as their objective realization of what is really a very simple proposition. Farm workers should be treated in the same manner as other workers. They should be provided the same benefits and protections other workers are accorded as labor force participants.



## Migratory Farm Labor

by

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Director Aiton, Members of the Conference. It is a real pleasure to meet with this group and to exchange views on the problems related to farm labor and their implications to agriculture.

Many discussions of migratory farm labor have tended to generate more "heat" than "light". At the moment, I am not interested in heat, but hope to shed a little light on the subject of migrancy and related problems and programs. Before discussing the problems and programs, however, it might be well to describe migratory farmworkers; how many there are, who they are, where they travel, and how they fit into the farm labor picture.

### Characteristics of Migratory Workers

There are two primary ways of measuring workers or labor on farms. First is the number of workers or the number of farm jobs, if you will, at a point in time. The second is the number of actual people who fill these jobs during a period, which has particular relevance to hired workers.

By either concept, farming is the only major industry in which the entrepreneur and members of his family make up a major proportion of the work force. As is indicated in figure 1, in 1965, farm operators and unpaid family workers averaged about 4.1 million or almost three-fourths of the 5.6 million total employment. The other 1.5 million were hired.

For an indication of the different kinds of hired farmworkers we need to go to the second concept, that is, the number of different people who did farm wagework sometime during the year. Of these people, figure 2 indicates those who are the main focus of this paper--migratory workers. They are defined as those who temporarily reside and work in another county in the same State, or in another State. Those who work only in their home county are also shown, and each group is further divided into those who had fewer than 25 days of farm wagework or were casual workers, and those who worked 25 days or more on farms for wages.

As the chart indicates, migratory workers have numbered around 400,000 or a little over 10 percent of all farm wageworkers for several years. In 1964, 30 percent of them worked fewer than 25 days on farms, compared with 42 percent of

nonmigratory workers. <sup>1/</sup> A few other characteristics of migratory workers might be appropriate. About three-fourths of them were men. Six out of 10 were less than 35 years old. One-fourth were nonwhite, and many others were members of ethnic minority groups, such as Mexican-Americans. Migratory workers average 87 days of farm wagework and also worked an average of 44 days on nonfarm jobs, a total of 131 days. These are more days of work than were done by nonmigratory workers. In interpreting these figures, it should be remembered that many of both groups are not in the labor force during certain periods of the year; some are in school, for example. In addition, the high proportion of casual workers in the nonmigratory group reduces the group's average days worked.

Migratory workers received about \$9 per day for farm wagework in 1964, and \$10.50 per day for nonfarm work. Their annual farm earnings totaled \$782 and nonfarm earnings were \$458, for a total of \$1,240. Their daily wage on both kinds of jobs was about a fifth higher than for those who did not migrate. Their total annual earnings were 35 percent higher than nonmigratory workers. Although these relationships are not consistent year after year, migratory workers are usually somewhat better off, in terms of wages and earnings than nonmigratory workers. However, cash earnings of most hired farmworkers are under the poverty level of \$3,000. In addition, migration introduces many problems that are not easily solved. These problems include those of transportation, housing, and medical care. In addition, families are often involved. When this occurs, it adds problems such as education and child care.

#### Migratory Streams <sup>2/</sup>

As indicated in figure 3, there are three principal migratory streams -- the eastern seaboard, the midcontinent, and the west coast. There are also many subcurrents, including important intrastate movements.

The eastern seaboard stream consists of 30,000 to 40,000 workers from Florida and other southeastern States. Migrants move into Florida during the winter months to harvest vegetables, citrus fruit, and sugarcane. Beginning in May, crews start northward, stopping to work along the way as the season progresses. Many are in New Jersey, New York, or one of the New England States at the end of summer. Most of the groups make the return trip south in the fall.

The midcontinent stream involves around 100,000 workers, primarily of Mexican descent. The home base of most of these migrants is southern Texas. As winter vegetable work in their home areas is completed, they fan out to many areas.

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<sup>1/</sup> Bowles, Gladys K., The Hired Farm Working Force of 1964. U. S. Department of Agriculture, Economic Research Service, Agricultural Economic Report No. 82, August 1965.

<sup>2/</sup> This section leans heavily on the Manpower Report of the President, March 1966.



Sugarbeet blocking and thinning occupy some during spring and early summer and later they work in midwestern fruit and vegetable harvests. Other Texas migrants go into the fruit and vegetable harvest of the Pacific Northwest. Some chop and hoe cotton across Texas and into New Mexico, Arizona, and California. In the fall, some of them move back to the High Plains of Texas to harvest cotton.

The third major movement is along the west coast, and work consists chiefly of harvesting and other jobs on fruits and vegetables.

As figure 3 shows only the general magnitude of migratory streams, I have included figure 4, which shows peak employment of migratory workers in each State in 1964. A similar map for last year is not available, but the four leading States in 1964 would continue as leaders, with about 13,000 more migratory workers at the peak in California, 2,000 more in Texas, 6,000 fewer in Michigan, and about 2,000 fewer in New York.

#### Projected Demand for Farm Labor

In considering remedial programs for farm labor, an important consideration is the probable need for farmworkers in the future. Of course, no one can exactly anticipate the future need for farm labor, particularly for a specific group of workers, such as migrants. American agriculture is so varied, so complex, and has so many interrelated facets, that an attempt to indicate its future demands for workers is a formidable and hazardous undertaking. It involves a wide range of variables with different degrees of predictability. However, we can indicate the direction and give some clues as to the likely magnitude of the changes.

For many years, the Department of Agriculture has engaged in comprehensive research, including projections, of many aspects and relationships in farming. The projections presented here summarizes some of the results of this work. A combination of several forces has operated during the last several years to reduce the number of farmworkers and to replace them with machines and other production resources. These forces are expected to continue in the future. Their prospective influence on farm labor may be gauged through their effects on (1) farm production, (2) adoption of mechanization and other technology, and (3) the structure of agriculture. Thus, if projections are made of indexes of production and of production per unit of labor they can be compared to generate projected indexes of labor input. A major advantage of projecting production per unit of labor is that it reflects the net effect of all factors affecting either farm production or labor inputs.

Recent projections of farm production made by the Department of Agriculture within the framework of a set of assumptions indicate that farm output would be above the 1964 level by 36 percent in 1980. <sup>1/</sup> The underlying assumptions include a population of 245 million in 1980.

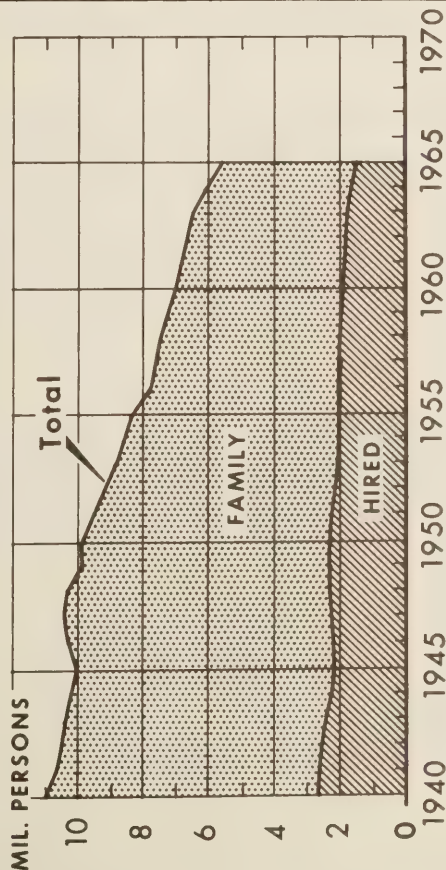
Diets would be upgraded to include a greater proportion of beef, poultry, fruits, and vegetables. Export projections assume levels that would be attained if

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<sup>1/</sup>Daly, R. F. and Egbert, A. C., A Look Ahead for Food and Agriculture, U. S. Department of Agriculture, Economic Research Service, Agricultural Economic Research, January 1966.

Annual Averages

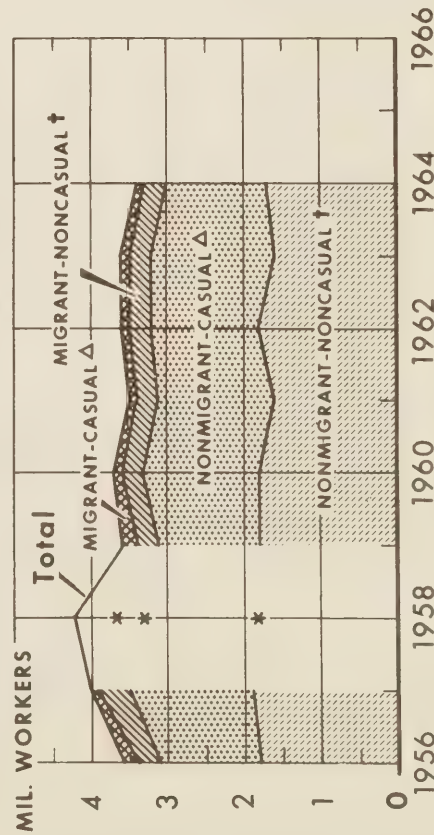
# FARM EMPLOYMENT



U.S. DEPARTMENT OF AGRICULTURE

NEG. SRS 144-66 (1) STATISTICAL REPORTING SERVICE

# NUMBER OF HIRED FARM WORKERS, MIGRANCY AND DAYS WORKED



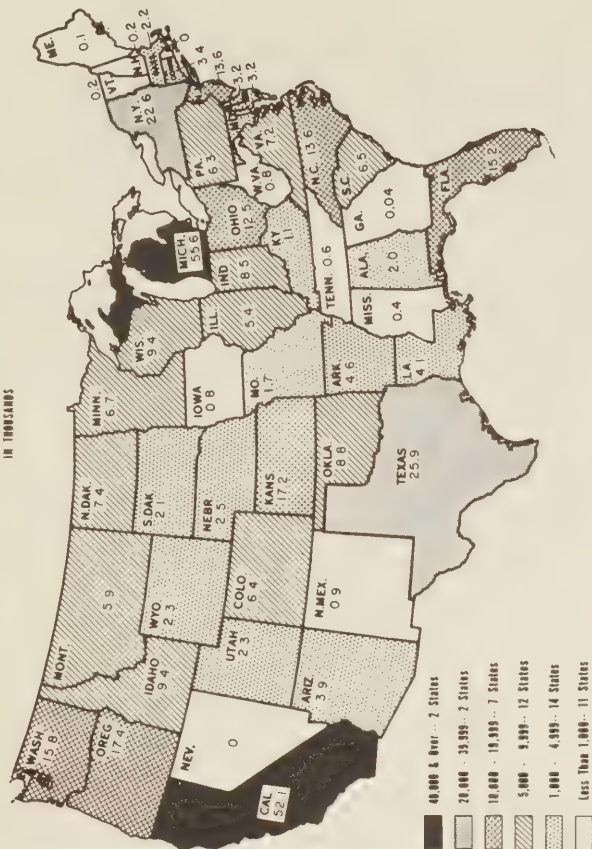
U.S. DEPARTMENT OF AGRICULTURE

NEG. ERS 4324-66 (3) ECONOMIC RESEARCH SERVICE

\* NOT AVAILABLE. † WORKED 25 DAYS OR MORE. Δ WORKED LESS THAN 25 DAYS.

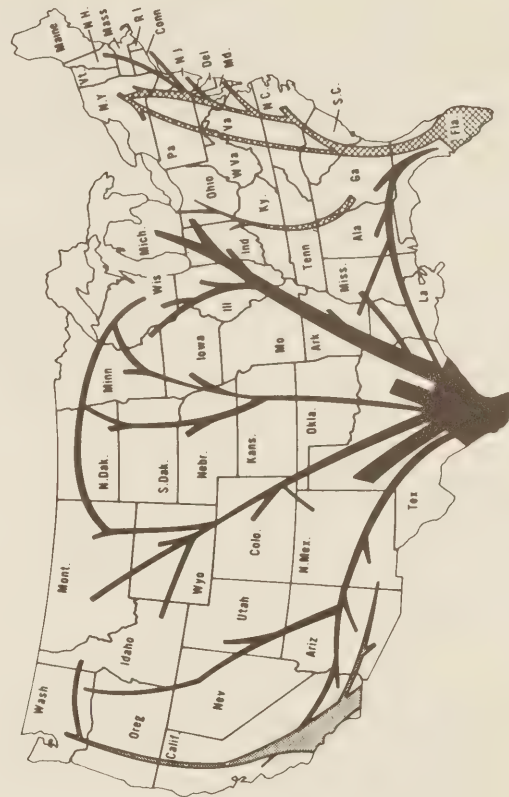
# Peak Employment of Domestic Migrant Farmworkers, 1964

IN THOUSANDS



U.S. DEPARTMENT OF LABOR  
BUREAU OF LABOR STATISTICS  
BUREAU OF ECONOMIC ANALYSIS

# Major routes followed by migratory farm workers.



quantity increases for each decade from 1960 to 1980 about matched the increase of the 1950-60 decade. The projections imply some type of program to stabilize farm prices and income. If all cropland currently diverted from production under various programs were brought under cultivation, crop output would be expanded over the projected utilization. Finally, the projections assume no extended war or depression.

In addition to total farm output, 1980 projections of production of selected crops that use large numbers of seasonal and migratory workers are shown in figure 5. Production of cotton is projected to be 43 percent higher in 1980 than in 1957-59. Fruit and vegetable production is projected to rise a little less rapidly. Most of the additional production will come from higher yields as the projected rise in farm output per man-hour is attributable to factors that have increased yields of crops and livestock, such as new hybrids and varieties of plants and animals, better insect and disease control, and more productive feeds. The other two-thirds has resulted from adoption of labor-saving techniques, chiefly mechanization. Time does not permit a detailing of these technologies but all aspects of crop and livestock production have been affected, some a great deal more than others. This uneven rate of acceptance and use of innovations is expected to continue.

The growth rate of feed grain production per man-hour is expected to be greater than for any group of crops or livestock. The yield of corn is projected to average over 100 bushels per acre in 1980. This and wider use of machines such as the field picker-shellers is projected to push production per man-hour to considerably above the 1965 figure by 1980. The growth rate of the other kinds of crops and livestock will be less. Near the other extreme, labor related breakthroughs on fruit production have been few and far between. In summary, total farm output per unit of labor is projected to double between now and 1980 as is indicated in figure 6.

The projected increase in farm output and the much greater increase in farm output per unit of labor mean that the use of labor on farms would continue to decrease. Man-hours of farm labor probably would be about a third lower in 1980 than in 1965. Annual average farm employment is projected to be about 3.6 million in 1980, compared with 5.6 million in 1965. Employment of operators and unpaid family workers would drop to around 2.6 million from the current level of 4.1 million. Hired workers average about 1.5 million now and would decrease to around 1.0 million. The attrition rates would vary among geographic regions and classes of workers.

Changes in the structure of farming are inherent in these projections. Numbers of farms are expected to continue downward, but grow in size as smaller farms are consolidated into larger commercial units. There were almost three times as many farms with \$10,000 or more of farm product sales in 1964 as a quarter century earlier. The changing size distribution of farms toward the larger units, as depicted in figure 7, is expected to continue.



Farms and farmers will continue to be more specialized. Added specialization will take two forms. The first is the transfer of jobs or functions from farms to nonfarm business firms. The classic example of this is the transfer of the production of farm power from farms to tractor manufacturing firms; from horses and mules to mechanized farming. More recently, this kind of specialization has taken other forms, such as feed preparation and management activities.

The other kind of specialization on farms may be indicated by the number of enterprises, each has, such as milk cows or corn. As shown in figure 8, of 25 major enterprises the average farm had 5.3 in 1939 and 4.1 in 1959. Changes in farm structure, including specialization, have and will continue to improve farm labor efficiency.

### Problems and Programs

What do all these projected changes in American agriculture portend for migratory farmworkers? Certainly the overall need for seasonal labor will be less. In some instances, labor needs can be filled from local sources, thereby reducing migrancy. But the adjustments will be evolutionary rather than revolutionary. Growers will need migratory workers this year, next year, and for many years to come. Changes in farming will tend to reduce labor peaks, but at times it will aggravate them. In some areas, during peak periods, the need for migratory workers may actually increase. Uneven advances in technology are likely to disrupt usual migratory labor paths. This indicates a need to improve the mechanism of the job market for migratory workers. The Annual Worker Plan of the Federal-State Employment Service is an important step in this direction. It attempts to arrange successive jobs for the migrants and to get the workers where and when they are needed. During 1964, State Employment Service agencies contacted some 10,000 interstate migrant worker groups that included about 180,000 people. The Plan merits further improvement and expansion.

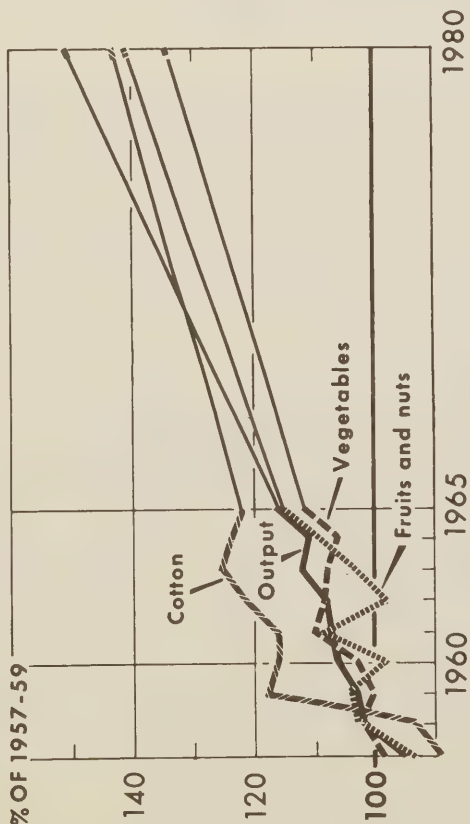
Improvement of the crew system, under which many migrants travel and work, is the aim of the Farm Labor Contractor Registration Act, which became effective January 1, 1965. This Act requires crew leaders to register at Government offices, meet certain standards of reliability, and secure licenses. The Act is administered by the Department of Labor. In 1965, almost 1,400 registration certificates and employer identification cards were issued to crew leaders. As more experience is gained under the Act, farmer-employers, crew leaders, and the migratory workers will benefit from its provisions.

The safety of migratory farmworkers traveling across State lines is the subject of regulations of the Interstate Commerce Commission. Vehicles must conform to standards and insurance protection must be obtained for the workers being transported. In addition, some States have laws or regulations regarding intrastate transportation of farmworkers. There are still, however, too many highway accidents involving migratory farmworkers.

Several States have taken action to improve the sanitation, living conditions, and safety in agricultural labor camps; but enforcement is difficult. The Department of Agriculture makes low-cost loans to employers who need help in building housing for their farmworkers, and provides grants to public or nonprofit organizations for the same purpose. Such organizations may also receive grants under the Migrant Health Act to pay part of the costs of health services for the migrants and their

With Projections to 1980

## OUTPUT: TOTAL AND SELECTED CROPS



U. S. DEPARTMENT OF AGRICULTURE

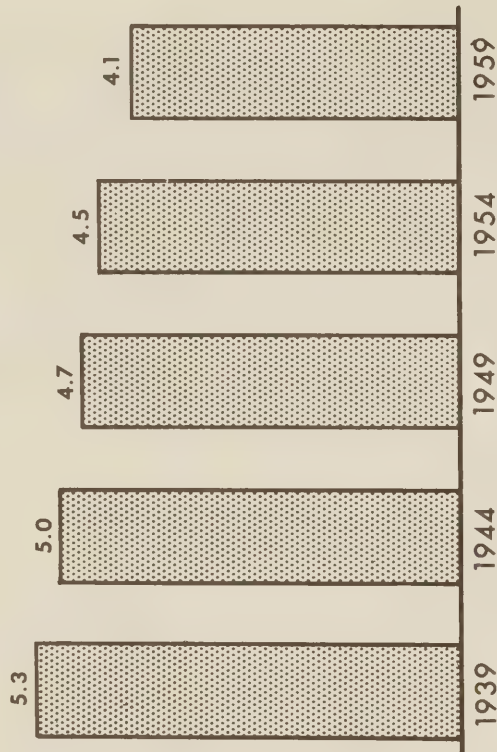
With Projections to 1980

## FARM OUTPUT, MAN-HOURS USED AND OUTPUT PER MAN-HOUR



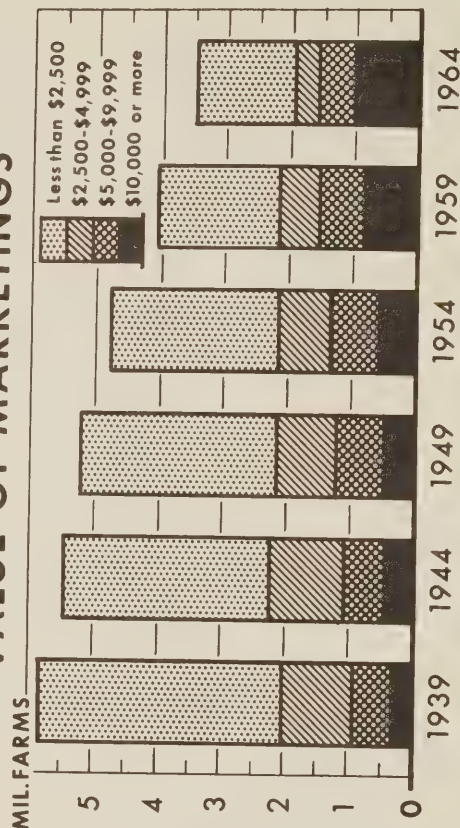
U. S. DEPARTMENT OF AGRICULTURE

## ENTERPRISES PER FARM



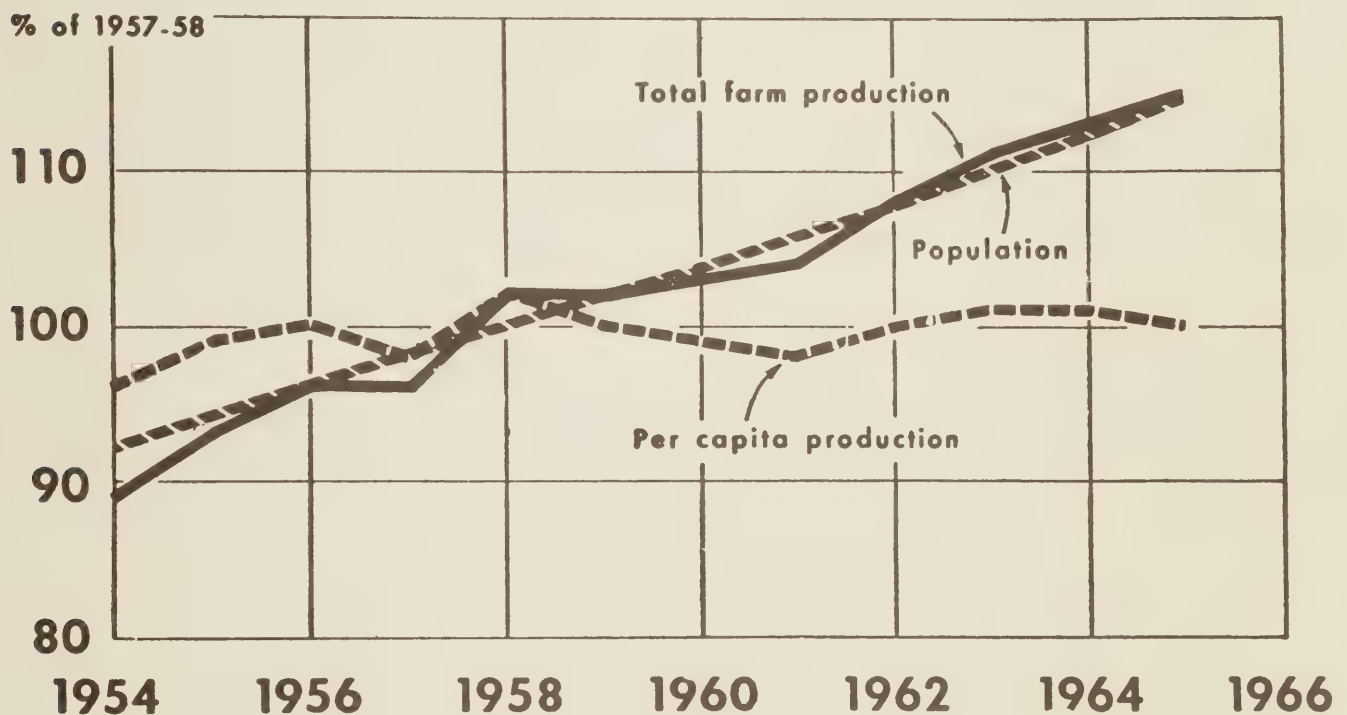
U. S. DEPARTMENT OF AGRICULTURE

## NUMBER OF FARMS BY SPECIFIED VALUE OF MARKETINGS



U. S. DEPARTMENT OF AGRICULTURE

## WORLD: Total Farm Output Again High; Per Capita Output Down Slightly

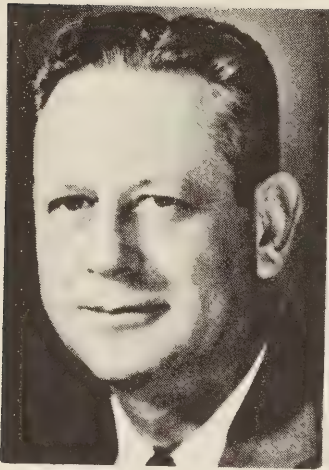




families; such grants have been awarded in over half of the States.

More recently, the Economic Opportunity Act of 1964 has provided resources for programs to improve housing, sanitation, education, and child care for migratory and other seasonal farmworkers and their families. Additional education and vocational training to equip many of these workers for nonfarm job opportunities and imaginative programs to provide the jobs continue to be a paramount need. In addition, modern farming requires a higher skilled worker.

On the part of farm employers, if they continue to require the services of migratory and other hired workers, they must be prepared to offer higher wages and better living and working conditions, including continuity of employment. One of the main problems will be how to improve the earnings of people who work on farms, commensurate with the items they must buy for an adequate standard of living, and how to ensure that they and the farm community will reap the benefits of their increased productivity.



## Collective Bargaining

by

Ray A. Murray  
University of Maryland

Several bills dealing with farm labor were introduced into the first session of the present (89th) Congress. Some of these bills if passed by Congress would extend the collective bargaining provisions of the National Labor Relations Act to agricultural laborers.

Agricultural laborers, along with several other categories of employees, are now specifically excluded from the provisions of the National Labor Relations Act. The Act also does not apply to employees in a business or industry where a labor dispute would not affect inter-state commerce. Current jurisdictional standards of the National Labor Relations Board also exclude businesses whose interstate shipments amount to less than \$50,000 annually.

### Policy and Administration

A publication of the National Labor Relations Board titled Summary of the National Labor Relations Act as amended through 1959 (Taft-Hartley Act) contains the following statement as to the policy and administration of the National Labor Relations Act.

The National Labor Relations Act guarantees the right of workers to organize and to bargain collectively with their employers, or to refrain from all such activity. To enable employees to exercise these rights and to prevent labor disputes which may impede interstate commerce, the Act places certain limits on activities of employers and labor organizations.

The policy of the Act is to prevent obstacles to the free flow of interstate commerce by encouraging collective bargaining, by protecting workers in their right to organize, and in their selection of a bargaining representative; and to protect the rights of the public in connection with labor disputes.

Administration of the law rests primarily with the National Labor Relations Board, which is composed of five members, and the General Counsel of the Board.

### Collective Bargaining Defined

This same publication quotes Section 8(d) of the NLRA in defining collective bargaining as:

the performance of the mutual obligation of the employer and the representative of the employees to meet at reasonable times and confer in good faith with respect to wages, hours, and other terms and conditions of employment, or

the negotiation of an agreement, or any question arising thereunder, and the execution of a written contract incorporating any agreement reached if requested by either party, but such obligation does not compel either party to agree to a proposal or require the making of a concession.

It also further states:

The Board and the courts have ruled that pensions and group insurance plans come within the scope of subjects on which the law requires an employer to bargain with the representative of his employees.

### Impact Upon Agriculture

The full impact of what will happen if the provisions of the NLRA are made applicable to agricultural workers cannot be fully foreseen. It will depend upon the content of the amendment to the Act, NLRB and court interpretations.

However, it appears quite likely at this time that some farmers would be compelled to bargain with labor organizations almost immediately. The bargaining would likely center around wages and working conditions and most likely occur in connection with crops requiring a large amount of hand labor. It is also quite likely that many other farmers would be affected indirectly as wages and working standards become established through collective bargaining.

The farmers who would have to bargain with labor organizations would be those with enterprises affecting interstate commerce which had \$50,000 of annual business dealings, outflow and inflow, direct or indirect.

The previously mentioned publication explains the outflow-inflow and direct or indirect concepts as follows:

Direct outflow refers to goods shipped or services furnished by the employer outside the State. Indirect outflow includes sales within the State to users meeting any standard except solely an indirect inflow or indirect outflow standard. Direct inflow refers to goods or services furnished directly to the employer from outside the State in which the employer is located. Indirect inflow refers to the purchase of goods or services which originated outside the employer's State but which he purchased from a seller within the State. Direct and indirect outflow



may be combined and direct and indirect inflow may also be combined to meet the \$50,000 requirement. However, outflow and inflow may not be combined.

This jurisdictional standard of the NLRB, of \$50,000 of interstate shipments, would exclude all except the largest farms. Senate Report No. 155, 89th Congress, 1st Session titled The Migratory Farm Labor Problem in the United States, states as follows:

Only the Nation's largest farms would be affected by the Extension of the National Labor Relations Act to agriculture. Under current jurisdictional standards of the NLRB, the act would generally have no effect on the more than 97 percent of all farmers whose interstate shipments amount to less than \$50,000 a year.

Extension of the act to agriculture would, however, benefit a significant proportion of hired farmworkers. Over 30 percent of all expenditures for hired farm labor are made, for example, by the largest one-half of one percent of all our farms.

However, these jurisdictional standards could be changed. The above mentioned report also states:

For example, jurisdictional standards for the National Labor Relations Board could be devised to meet the special problems of agriculture.

A second publication of the NLRB titled A Layman's Guide to Basic Law Under The National Labor Relations Act contains the following statement as to what the Act provides:

The National Labor Relations Act states and defines the rights of employees to organize and to bargain collectively with their employers through representatives of their own choosing. To ensure that employees can freely choose their own representatives for the purpose of collective bargaining, the Act establishes a procedure by which they can exercise their choice at a secret ballot election conducted by the National Labor Relations Board.

#### The Right To Bargain Collectively and To Strike

The right of workers to bargain collectively and to strike if necessary is contained in Sections 7 and 13 of the NLRA. Section 7 of the Act states in part:

Employees shall have the right ... to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection...

Section 13 is also concerned with the right to strike. It states:

Nothing in this Act, except as specifically provided for herein, shall be construed so as either to interfere with or impede or diminish in any way the right to strike, or to affect the limitations or qualification on that right.

These two provisions make it abundantly clear that the Act not only guarantees the right of employees to strike, but also places limitations and qualifications on the exercise of that right.

#### Lawful and Unlawful Strikes

The publication last mentioned above contains the following explanation regarding the lawfulness of strikes and the two classes of strikers.

The lawfulness of a strike may depend on the object, or purpose, of the strike, on its timing, or on the conduct of the strikers. The object, or objects, of a strike and whether the objects are lawful are matters that are not always easy to determine. Such issues often have to be decided by the National Labor Relations Board. The consequences can be severe to striking employees and struck employers, involving as they do questions of reinstatement and backpay.

It must be emphasized that the following is only a brief outline. A detailed analysis of the law concerning strikes, and application of the law to all of the factual situations that can arise in connection with strikes, is beyond the scope of this material. Employees and employers who anticipate being involved in strike action should proceed cautiously and on the basis of competent advice.

Employees who strike for a lawful object fall into two classes--"economic strikers" and "unfair labor practice strikers." Both classes continue as employees, but unfair labor practice strikers have greater rights of reinstatement to their jobs.

If the object of a strike is to obtain from the employer some economic concession such as higher wages, shorter hours, or better working conditions, the striking employees are called economic strikers. They retain their status as employees and cannot be discharged, but they can be replaced by the employer. If the employer hires bona fide permanent replacement for economic strikers, before the strikers apply unconditionally to go back to work, they are not entitled to reinstatement.

Employees who strike to protest an unfair labor practice committed by their employer are called unfair labor practice strikers. Such strikers can be neither discharged nor permanently replaced. When the strike ends, an unfair labor practice striker absent (without) serious misconduct on his part is entitled to have his job back even if an employee hired to do his work has to be discharged.

A strike may be unlawful because an object, or purpose, of the strike is unlawful. A strike in support of a union unfair labor practice, or one that would cause an employer to commit an unfair labor practice, may be a strike for an unlawful object. For example, it is an unfair labor practice for an employer to discharge an employee for lack of union membership where there is no union-security agreement in effect (Section 8(a)(3)). A strike to compel an employer to do this would be a strike for an unlawful object and, therefore, an unlawful strike....

Furthermore, Section 8(b)(4) of the Act prohibits strikes for certain objects even though the objects are not necessarily unlawful if achieved by other means. An example of this would be a strike to compel Employer A to cease doing business with Employer B. It is not unlawful for Employer A voluntarily to stop doing business with Employer B, nor is it unlawful for a union merely to request that he do so. It is, however, unlawful for the union to strike with an object of forcing him to do so....

In any event, employees who participate in an unlawful strike may be discharged and are not entitled to reinstatement.

A strike that violates a no-strike provision of a contract is unprotected, and the striking employees can be discharged or otherwise disciplined. Also, an employee who is subject to a no-strike contract clause can be discharged for refusing to cross a picket line at the plant of another employer unless the contract specifically gives him the right not to cross a picket line. It should be noted that not all refusals to work are considered strikes and thus violations of no-strike provisions. A walkout because of conditions abnormally dangerous to health, such as a defective ventilation system in a spray-painting shop, has been held not to violate a no-strike provision.

Section 8(d) provides that where either party desires to terminate or change an existing contract, it must comply with certain conditions. If these requirements are



not met, a strike to terminate or change a contract is unlawful and participating strikers lose their status as employees of the employer engaged in the labor dispute. If the strike was caused by the unfair labor practice of the employer, however, the strikers are classed as unfair labor practice strikers and their status is not affected by failure to follow the required procedure.

Strikers who engage in serious misconduct in the course of a strike may be refused reinstatement in their former jobs. This applies to both economic strikers and unfair labor practice strikers. Serious misconduct has been held to include violence, threats of violence, and similar misconduct ... The U. S. Supreme Court has ruled that a "sitdown" strike where employees simply stay in the plant and refuse to work, thus depriving the owner of his property, is not protected by the law. Where an unfair labor practice by the employer involved provokes an unfair labor practice strike, this fact may be considered in the determination of whether misconduct by strikers will bar their reinstatement. Examples of serious misconduct that could cause the employees involved to lose their right to reinstatement are:

Strikers physically blocking persons from entering or leaving a struck plant.

Strikers threatening violence against non-striking employees entering a plant.

Strikers attacking management representatives.

### Unfair Labor Practices of Employers

If the NLRA should be extended to agricultural laborers, agricultural employers subject to the Act, will find that, as is the case with other employers, they will be forbidden to engage in six general types of unfair labor practices.

An employer is defined in the Act as "any person acting as an agent of an employer, directly or indirectly." The publication Summary of the National Labor Relations Act as amended through 1959 (Taft-Hartley Act) lists the six types of unfair labor practices in which employers are forbidden to engage and some examples of these practices, as follows:

#### 1. Interference, restraint, or coercion

To interfere with, restrain, or coerce employees in the exercise of rights guaranteed by section 7 (Section 8(a)(1)). Examples of such illegal interference:

Threatening employees with loss of jobs or benefits if they should join a union.

Threatening to close down a plant if a union should be organized in it.

Questioning employees about their union activities or membership in such circumstances as will tend to restrain or coerce the employees.

Spying on union gatherings.

Granting wage increases deliberately timed to defeat self-organization among employees.

2. Illegal assistance or domination of a labor organization.

To dominate or interfere with the formation or administration of any labor organization or contribute financial or other support to it. Examples of conduct illegal under this section:

An employer taking an active part in organizing a union or a committee to represent employees.

An employer bringing pressure upon employees to join a union.

An employer playing favorites to one of two or more unions which are competing to represent employees.

In remedying such unfair practices, the Board distinguishes between "domination" of a labor organization and conduct which amounts to no more than illegal interference. When a union is found to be dominated by an employer, the Board has announced it will order the organization completely disestablished as a representative of employees. But, if the organization is found only to have been supported by employer assistance amounting to less than domination, the Board usually orders the employer to stop such support and to withhold recognition from the organization until it has been certified by the Board as a bona fide representative of employees.

3. Discrimination in employment for union activities.

Discrimination in hiring or tenure of employment or any term or condition of employment which tends to encourage or discourage membership in any labor organization (Section 8(a)(3)).

This provision, together with Section 8(b)(2), prohibits the "closed shop," in which only persons who already hold membership in a labor organization may be hired. It also prohibits discriminatory hiring hall arrangements by which only persons who have "permits" from a union may be hired.

However, a proviso to this section permits an employer and a union to agree to a union shop, in which employees may be required to join the union at the end of 30 days. In the building and construction industry, employees may be required to join after 7 days. Examples of discrimination in employment forbidden by this section:

Demoting or discharging an employee because he urged his fellow employees to join or organize a union.

Refusing to reinstate an employee (when a job for which he can qualify is open) because he took part in a lawful strike.

Refusing to hire a qualified applicant for a job because he belongs to a union.

Refusing to hire a qualified applicant for a job because he does not belong to a union or because he belongs to one union rather than to another union.

This section does not limit the employer's right to discharge, transfer, or lay off an employee for genuine economic reasons or for just cause such as disobedience or bad work. This applies equally to employees who are active union advocates and to those who are not. However, the fact that a lawful reason for the discharge or disciplining of an employee may exist does not entitle an employer to discharge or discipline an employee when the true reason is the employee's union activities or other activities protected by the law.

In weighing an employee's charge that he has been discriminated against because of his union activity, the NLRB will want to know:

a. What reason did the company give for taking the action against the employee?

b. Did the company take the same action against other employees for the same reason?

c. Was the employee given any warnings before the company acted?

d. Did the company know that the employee was active in union matters or was a union member?

e. What is the employee's record as to length of employment, efficiency ratings, wage increases, promotions, or words of praise from his supervisor?

f. What was the company's attitude toward unions and particularly the employee's union?



#### 4. Discrimination for participation in NLRB proceeding.

To discharge or otherwise discriminate against an employee because he has filed charges or given testimony under the Act (Section 8(a)(4)).

#### 5. Refusal to bargain in good faith.

To refuse to bargain collectively with the representative chosen by a majority of employees in a group that is appropriate for collective bargaining (Section 8(a)(5)).  
Examples of conduct that violate this section:

An employer making a wage increase without consulting the representative of employees when they have chosen such a representative.

Making a wage increase larger than that offered to the employees' representative.

Refusing to put an agreement with the employees' representative into writing.

Refusing to deal with the representative of employees because the employees are out on strike.

#### 6. Hot cargo agreements.

Employers are forbidden to enter into agreements to cease handling another employer's products or to cease doing business with another person except under certain circumstances in the building and construction industry and in the apparel and clothing industry.

### Unfair Labor Practices of Unions

Labor organizations are likewise forbidden to engage in unfair labor practices listed in Section 8(e) of the Act. The above-mentioned publication lists the following provisions as those in which labor organizations or their agents are forbidden to engage:

#### 1. Restraint or coercion

- a. To restrain or coerce employees in the exercise of the rights guaranteed by Section 7 (Section 8 (b)(1)(A)).

A proviso in this section states that "this paragraph shall not impair the right of a labor organization to prescribe its own rules with respect to the acquisition or retention of membership."

Examples of conduct found to violate this section:

Mass picketing in such numbers that nonstriking employees are physically barred from entering the plant.

Acts of force or violence on the picket line or in connection with strikes.

Threats to do bodily injury to nonstriking employees.

Threats by unions or their agents to employees that they will lose their jobs unless they support the union's activities.

- b. To restrain or coerce an employer in the selection of his representatives for the purpose of collective bargaining or the adjustment of grievances (Section 8(b)(1)(B)).

## 2. Attempt to cause discrimination for union activities

To cause or attempt to cause an employer to engage in discrimination against an employee which tends to encourage or discourage union membership (Section 8(b)(2)).

This provision reinforces Section 8(a)(3) in outlawing the "closed shop". It also contains certain language reinforcing the limits placed on the union shop by Section 8(a)(3).

Examples of conduct violating this section:

Causing an employer to discharge an employee because he circulated a petition urging a change in the union's method of selecting shop stewards.

Making a contract that requires an employer to hire only members of the union or persons "satisfactory" to the union.

## 3. Refusal to bargain in good faith

To refuse to bargain with an employer, when the organization is the representative of a majority of employees in a group appropriate for bargaining (Section 8 (b)(3)).

Examples of conduct violating this section:

Insistence upon the inclusion of illegal provisions, such as a closed shop or a discriminatory hiring hall, in a contract,

An adamant refusal to make a written contract of reasonable duration.

## 4. Secondary boycotts and certain types of strikes and picketing.

Examples of conduct the Board has found to constitute an illegal secondary boycott include:

Picketing an employer to force him to stop doing business with another employer who has refused to recognize the union.

A union official calling union members at the place of their employment in a retail market to tell them that a wholesaler had been placed on the union's "unfair list".

Picketing directed at an entire construction project because one of the subcontractors doing part of the work on the project had non-union employees.

However, the Board and the courts have ruled that this provision does not prohibit picketing of the plant of an employer with whom a union has a direct dispute even though such picketing may encourage employees of other employers, who come to the plant, to refuse to work.

#### 5. Charging excessive or discriminatory initiation fees.

To require employees under a union-shop agreement to pay, as a condition precedent to becoming a member of the union, "a fee in an amount which the Board finds excessive or discriminatory under all the circumstances" (Section 8 (b)(5)).

This section further states:

In making such a finding, the Board shall consider, among other relevant factors, the practices and customs of labor organization in the particular industry, and the wages currently paid to the employees affected.

Example of a fee which the Board found was discriminatory in violation of this section:

Charging old employees who failed to join the union before the union-shop agreement took effect an initiation fee of \$15 while charging employees hired after that date only \$5.

#### 6. "Featherbedding"

To cause or attempt to cause an employer to pay or deliver or agree to to pay or deliver any money or other thing of value, in the nature of an exaction, for services which are not performed or not to be performed (Section 8(b)(6)).

This section prohibits certain practices commonly known as "Featherbedding".

#### 7. Recognition and organizational picketing



## 8. Hot cargo and subcontracting agreements

Section 8(e) provides:

It shall be an unfair labor practice for any labor organization and any employer to enter into any contract or agreement, express or implied, whereby such employer ceases or refrains or agrees to cease or refrain from handling, using, selling, transporting, or otherwise dealing in any of the products of any other employer, or to cease doing business with any other person, and any contract or agreement entered into heretofore or hereafter containing such an agreement shall be to such extent unenforceable and void:

### "Free Speech" Provision

Section 8(c) of the Act contains what is commonly known as the "Free Speech" Provision. It provides:

The expressing of any views, argument, or opinion, or the dissemination thereof, whether in written, printed, graphic, or visual form, shall not constitute or be evidence of an unfair labor practice under any of the provisions of this Act, if such expression contains no threat of reprisal or force or promise of benefit.

Examples of statements which this provision does not protect:

Implied threats by an employer that the organization of a union would result in the loss of benefits for employees.

Picket signs announcing to employees of one employer that another is "unfair" where an object is to induce the employees to engage in a secondary boycott.

A statement by a union official to an employee that the employee will lose his job if the union wins a majority in the plant.

### Unit of Employees Appropriate for Bargaining

The same summary says:

In determining the unit of employees appropriate for bargaining the Board has the duty under the Act to determine what group of employees constitutes a unit appropriate for bargaining with their employer.

Such a unit may extend to one or more employers, or it may include one or more plants of the same employer, or it may be a subdivision of a plantwide unit such as a unit of skilled craftsmen, professional employees, plant guards, or clerical employees.

In determining whether or not a particular group of employees constitutes a proper unit for bargaining, the Board considers particularly the following factors:

1. Similarity of skills, wages, hours, and other working conditions among the employees involved.
2. Any history of collective bargaining.
3. Desires of the employees.

In addition, the Board may consider the extent to which the employees are organized, but the Act forbids the Board from making this a controlling factor.

Mutuality of interests among the employees is a prime determinant of the appropriate grouping of employees for bargaining. This is evidenced by (1) the similarity of their skills and working conditions, and (2) the unit grouping that the employees and the employer have followed in past bargaining over a substantial period, unless such units were clearly contrary to the Act or to Board rules and policies. This latter factor is known as "history of bargaining".

#### Determination of Collective Bargaining Representative

In the determination of the collective bargaining representative the summary continues:

In the determination of a collective-bargaining representative the National Labor Relations Act follows the principles of majority rule in determining the representation of employees bargaining with their employer as a group. The representative may be an individual or a labor organization, but not a supervisor or other representative of an employer.

The Act requires that an employer bargain with the representative selected by a majority of his employees in a unit appropriate for collective bargaining.

The Act does not require that the representative be selected by any particular procedure, as long as the representative is clearly the choice of a majority of the employees.

As one method for employees to select a majority representative, the Act authorizes the Board to conduct representation elections. However, the Board may conduct such an election only when a petition has been filed by the employees or any individual or labor organization acting in their behalf, or by an employer who has been confronted with a claim of representation from an individual or labor organization.

Under the law, the Board may certify the choice of the majority of employees for a bargaining representative only after a secret-ballot election.

In a representation election, the employees are given a choice of one or more bargaining representatives or no representative at all. To be chosen as bargaining representative, a labor organization or an individual must receive a majority of the valid votes cast.

#### Procedure in Unfair Labor Practice Cases

As to the procedure in unfair labor practice cases the summary continues:

If an employee believes that an employer or a union is engaged in one or more of the unfair labor practices outlined above, he may file charges with the appropriate regional office of the National Labor Relations Board on forms supplied by that office.

A union or an employer also may file charges.

After the charges are filed, the procedure followed by the regional office and the Board is:

1. Charges are investigated by field examiners. During this investigation, charges may be adjusted, withdrawn, dismissed or otherwise closed without formal action.
2. A formal complaint is issued if charges are found to be well grounded and the case is not settled by adjustment.
3. Public hearing is held before a trial examiner.
4. The trial examiner's findings and recommendations are served upon the parties and sent to the Board in Washington in the form of a trial examiner's decision. At this point the case is transferred to the Board in Washington. Unless either of the parties files a statement of exceptions to the trial examiner's findings within 20 days, his order takes the full effect of an order by the Board. Parties who except to the examiner's findings also may file a brief to support their exceptions and may request oral argument before the Board. Exceptions are in effect an appeal from the trial examiner's decision.
5. The Board reviews the case and makes a decision.
6. In case a union or employer fails to comply with a Board order, the Board may ask the appropriate U. S. court of appeals for a decree enforcing its order. Also, any party to the case who is aggrieved by the Board's order may appeal to an appropriate U. S. court of appeals.



7. The Board or an aggrieved party may petition the Supreme Court of the United States to review the decision of the court of appeals.

Failure to obey a final court decree is punishable as either civil or criminal contempt of court, or both.

The regional director issues the complaint which begins the formal proceedings in an unfair labor practice case. This complaint is issued after investigation of the charges filed by the party which alleges that an unfair labor practice has been committed. If, however, the regional director refuses to issue a complaint, the charging party may appeal to the General Counsel in Washington, D. C., who has final authority over the issuance of complaints. Ordinarily, 10 days are allowed for making such an appeal, which should be accompanied by a full statement of the facts in the case and the reasons why it is believed that the regional director erred.

#### Remedies in Unfair Labor Practice Cases

In regard to remedies in unfair labor practice cases the summary continues:

When the Board finds that an employer or union or the agents of either have engaged in unfair labor practices, the Board is empowered by Section 10(c) to issue an order requiring such person or organization to "cease and desist from such unfair labor practice, and to take such affirmative action including reinstatement of employees with or without back pay, as will effectuate the policies of this Act."

The purpose of the Board's orders is remedial--to undo the effect of the unfair labor practices and to direct such action as will dissipate the effect of violations of the Act. In fashioning remedies for unfair labor practices, the Board has broad discretion. The Board ordinarily frames its orders on patterns appropriate to each general type of unfair labor practice, but the Board may vary the remedy in order to fit it more precisely to the needs of a particular case.

There are no penalties or fines as such under Title I of the Act. It is only after a court has upheld a Board order and an employer or union has refused to comply that either may be held in contempt of court and subject to penalties.

Typical affirmative action ordered by the Board may include orders to the employer to:

Disestablish a company-dominated union.

Reinstate immediately all persons discharged, laid off, or demoted, to their former positions without prejudice to seniority rights or other privileges enjoyed

before the unfair labor practices, and, if necessary, discharge any person hired in place of those discriminated against.

Pay backpay for time lost since the employee was discharged.

The amount of backpay awarded an employee is usually the difference between his net earnings since discharge and what he would have earned had he not been discharged, ascertained on a quarterly basis. A discharged employee must try to find a new job while awaiting reinstatement.

Affirmative action required of a union may include orders to:

Notify the employer and the employee that it withdraws any objection to reinstatement or employment of an employee who has been subjected to illegal discrimination.

Reimburse the employee for any wages he has lost as a result of the discrimination.

Refund dues or fees illegally collected.

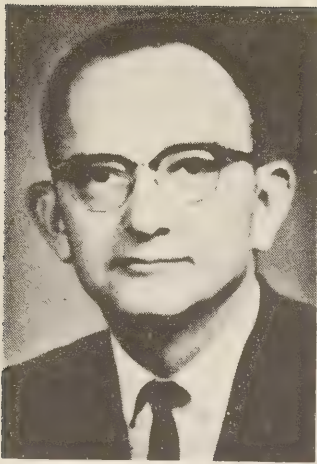
Employers or unions also are usually ordered to post notices in their offices or plants notifying the employees that they will cease the unfair labor practices and announcing the action being taken to remedy the violations.

An employer and a union also may be held jointly and severally liable for backpay due an employee suffering unlawful discrimination.

I have tried in these few minutes to present some of the key provisions of the National Labor Relations Act and the procedure for collective bargaining under the provisions of the Act.

If the provisions of the NLRA and the procedure sound complicated and involved it is because they are complicated and involved. More information concerning the Act and the collective bargaining procedure has been omitted from this paper than has been included. Attorneys indicate that labor law is a relatively complex field of law.

In closing, I would like to predict that if the NLRA is extended to agricultural laborers, many Extension workers, in addition to farmers, will be reading and studying the NLRA or some interpretation of it. Also, that the Cooperative Extension Service will have a rather difficult educational job to perform.



## Minimum Wages and Farming

by

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At the outset I would like to delimit somewhat the area I plan to discuss. I shall be concerned primarily with the potential impact of enactment of minimum wage standards for hired farm workers on the farms of the South and to a lesser degree on farms in the rest of the country. I do not plan to deal with the comparative merits of different methods of application of a minimum wage to agriculture except as these must be mentioned to indicate which prototype among a number of minimum wage proposals for agriculture is being used to indicate impact. Nor shall I comment more than in passing on the degree to which levels of minimum wages for agriculture can be made fully effective--the enforcement problem. Further, my appraisal of impact will be limited to the direct effects on farms and will omit examination of potential effects of the hired farm minimum wage on nonfarm economic activity, including government services.

The regulation of minimum wages is accomplished for nearly 30 million workers under the Fair Labor Standards Act of 1938 as amended. By way of background, it might be pointed out that agriculture was originally exempted in the act. This has continued to be true, although our presidents since the days of President Franklin Roosevelt, when the first bill was passed, have indicated the desirability of broader application of an effective minimum wage.

There have been a large number of legislative bills over the years which have proposed to extend the benefits of the minimum wage to farm workers. One of the most recent of these, H. R. 10518, 1st Session, 89th Congress, is concerned with extending wage protection to some 1.3 million hired farm workers with a proposed scale of \$1.15 an hour beginning July 1966 and \$1.25 an hour beginning July 1, 1968. The perquisites sometimes furnished employees by employers would be included in the wage paid and priced according to their fair value at cost. This would include items such as room, board, or other facilities. The scope of the extension of the Fair Labor Standards Act proposed would include those temporary seasonal agricultural workers employed for 12 consecutive work weeks or less in the calendar year by the same employer. Hence, almost all migratory and other seasonal farm laborers would come under the purview of this minimum wage provision provided they did not work for the same employer more than 12 weeks. For farm workers employed by the same employer for more than 12 consecutive weeks of the calendar year, another form of test is proposed for eligibility. If the employer in such case uses more than 300 man-days of agricultural labor, exclusive of the work performed by seasonal or temporary labor, in any 1 of the 4 preceding calendar quarters, his hired farm workers would be covered under the minimum wage. Such an employer would be required to pay the minimum wage to all his employees in the 4 succeeding quarters. In short, a farm operator employing more than 4 farm employees full time in 1 quarter of the calendar year would



be subject to the minimum wage requirements. Family labor is not viewed as hired labor in the purview of the proposal. Generally, the minimum wage proposals do not include provisions for overtime pay for hired farm workers.

In some versions of minimum wage provisions for agriculture, the proposal is to include sharecroppers and tenant farmers provided they are performing functions that, in essence, make them employees rather than decision-makers, the latter being regarded as independent contractors. It will be recalled that general definitions now for poverty involve a \$3,000 family-income-level classification.

In assessing the effects on farming of the institution of such a minimum wage program, I hope to comment on possible answers to several questions: (1) Where geographically will most of the impact of this program lie? (2) On what kinds of farms will the program be effective? (3) What will be the extent of the increase in the wage bill which might be forthcoming with the institution of a minimum wage for hired farm workers? (4) What consequences will it carry for employment of hired farm workers? (5) Who will pay the increased wage bill? Will it be paid by absorption by owner-operators or will it be paid by an increase in the price of the end product and, if so, what consequences will this carry for consumer prices?

A brief review of some of the characteristics of today's hired farm work force may be useful. We have about 3.5 million hired farm workers (people who do some hired farm work during the year)--about the same number we had 20 years ago--although we have had as high as 4.2 million and as low as 2.8 million during the period. Of these, about 75 to 80 per cent work less than 150 days per year on the farm. This leaves an average hired worker number on farms during the year of about 1.6 million. <sup>1/</sup> There is substantial underemployment among farm wage workers. Robert Glasgow, of the Economic Research Service, U. S. D. A., has estimated that underemployment among male farm wage workers amounts to the equivalent of 144 thousand men equivalents, or 23 per cent at 1961 levels. Further, more than half of this underemployment is in the age bracket 25-44. Hired workers represent about 1/4 of the workers on farms, a surprisingly steady percentage. The total farm work force currently averages about 6.1 million workers of which 4.5 million are family workers.

As would be expected from the changing technology in agriculture, the needs of agriculture for labor have been declining. Since 1940, labor use in agriculture has declined from 20 billion man hours of labor to just over 8 billion in 1964. This decline has been about proportionately shared by family workers and hired farm workers in terms of man-year equivalents. Due to the reduction in hours worked per worker, however, there has been a 59 per cent decline in man-hours worked on farms and only a 44 per cent decline in number of workers.

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<sup>1/</sup> With the seasonality of farm work, obviously there are much larger numbers of persons classed as hired farm workers categorically during the year than would be represented by the average man-year equivalent of hired farm labor used annually on farms.

A few words about the characteristics of hired farm worker households may be helpful in picturing the environment in which a minimum wage for agriculture is being considered. Gladys Bowles and Calvin Beale have provided useful bench mark data for 1962 relative to hired farm worker households in a recently released report. <sup>1/</sup> Here are some of the highlights: Hired farm workers' families average about 4.4 persons per household; 1/4 are urban residents with the remainder divided about equally between rural farm and rural nonfarm. Slightly over half of the hired farm worker households are in the South. Almost 3/4 of the hired farm workers are white. Of the household heads about 1/4 have less than 5 years of school and about 2/3 had less than 9 years of school.

Median family incomes for hired farm worker households stand at \$2,600 and an average of 26 per cent of the total family income is from farm work. For farm wage workers with moderate dependence on farm wage work (head worked 25 to 149 days), 3 significant points stand out: (1) unemployment is high, standing at 17 per cent; (2) educational achievement is low, with over 75 per cent of the household heads completing less than 9 years of school and 35 per cent completing less than 5 years; and (3) over 37 per cent of this group are nonwhite.

One of the clear linkages between income and education among hired farm worker households is provided by the close relationship between income and the level of education of household head. Household heads with under 5 years of school averaged total annual incomes of \$1,999, while heads with 12 and over years of school averaged \$5,777. The influence of color (with education controlled) is equally apparent, with nonwhite households averaging uniformly less with comparable number of years of schooling.

About 11 per cent of the farm wage workers in 1964 were classed as migrant workers. Nearly a third of these migrants were under the age of 18.

What has been happening to hired farm wages rates and how do they compare with wage rates in other forms of employment? The answer can be summarized fairly briefly. Farm wage rates are about 7 times as high as they were in 1935. Rates have doubled in the last 20 years, yet the composite farm wage rate last year was 95 cents per hour for the U. S. (The composite wage rate is the weighted average with allowance for perquisites furnished.) Comparably contract construction wages stood at \$3.68 and manufacturing wages at \$2.61 per hour. Farm wage rates in South Carolina and Mississippi averaged 56 cents and 59 cents, respectively, in the same year; while the east South Central States averaged 65 cents. The 6 states primarily represented at this conference ranged in composite farm wage rates from 66 cents in Tennessee to a high of \$1.02 in Maryland. <sup>2/</sup> The national peak in farm wage rates was in California, with \$1.40 per hour.

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<sup>1/</sup> Gladys K. Bowles and Calvin L. Beale, Characteristics of the Population of Hired Farmworker Households, Agricultural Economic Report No. 84, Economic Research Service, U. S. D. A., August 1965.

<sup>2/</sup> States represented were Kentucky, Maryland, North Carolina, Tennessee, Virginia, and West Virginia.

Turning now to analyze what the consequences of adoption of a minimum wage might be for farming, 2 major problems confront us: (1) How many workers will be affected--and how many farm operators, in terms of rising wages or costs? (2) What effects will a minimum wage in agriculture have on employment?

There are several ways we can look at this and I propose to give you a sampling of some. First, we can look at the problem rather broadly to infer some farm size and location effects, and next we can estimate the potential impact on typical farms affected.

It is clear at the outset that the main impact of a minimum wage extension to agriculture will fall on Class I (over \$40,000 sales) and Class II (\$20,000-\$40,000 sales) farms which employ more than 70 per cent of the hired farm work force. Class I farms alone pay more than half the annual commercial farm hired wage bill. As we compare wage rates, farm locations and farm enterprises, it also becomes evident that the South (used here to include the 13 southeastern states plus Maryland, Delaware, and West Virginia) will be the area most affected by higher wage rates. First, hired farm wage rates in this area are lowest, averaging 77.4 cents per hour in 1965 compared to a U. S. average of 95.1 cents per hour. Second, because of its cropping patterns, the South uses nearly 50 per cent of the nation's hired farm labor. This is still true if one moves to the 300 man-day peak quarter criterion for farms for hired farm labor coverage under the minimum wage. Third, cotton and tobacco as the most labor-intensive crops in areas of low hired farm wage rates will be the most affected crops. Both cotton and tobacco are high seasonal users of hired farm labor.

To estimate the wage bill effects, the special enumeration by the Department of Agriculture made in May of 1965 of some 24,000 farms on an area sampling basis to supply data for the U. S. Department of Labor to evaluate the feasibility of extending the minimum wage under the Fair Labor Standards Act, as required under the act, is both timely and helpful. It also permits a comparison with a similar enumerative survey of the Department of Agriculture in 1963 and points to some trends of significance in comparative impacts.

At the time of the most recent survey, May 1965, hired farm wage rates averaged 76 cents per hour in the South; while the Northeast averaged \$1.11, the North Central States, \$1.03, and the West, \$1.34, giving a national average of \$1.00 per hour. Hired farm wage rates on large farms (farms using over 300 man-days of hired labor in a peak quarter) were higher in each instance. The South averaged 84 cents, the Northeast, \$1.25, the North Central States, \$1.13, and the West, \$1.40, for a U. S. average of \$1.11 per hour. Comparably non-farm wage rates for May 1965 were: contract construction, \$4.65; mining, \$2.94; manufacturing and wholesale trade each, \$2.61; and retail trade, \$1.95. <sup>1/</sup>

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<sup>1/</sup> The use of a single month's average and the choice of a particular month, May, carry some risks in terms of level of wage experience. Spring wage rates tend to be lower in agriculture than in any other period of the year. See Hired Farm Workers--A Study to Evaluate the Feasibility of Extending the Minimum Wage under the Fair Labor Standards Act, Wage and Hour and Public Contracts Divisions, U. S. Department of Labor, January 1966, p. 47.



Using the bench mark estimates from the 1965 enumerative survey, a minimum wage of \$1.00 per hour for hired farm workers applied to all farms in the United States would raise the hourly wages of half the hired farm workers in the nation and would increase the wage bill 19 per cent (Table 1). A minimum wage of \$1.25 would affect 70 per cent of the hired farm workers and would result in a 35 per cent increase in the wage bill. If a minimum wage of \$1.00 were applied only to workers on large farms (300 man-days hired labor use in the peak quarter of the year), 44 per cent of the hired farm workers on such farms would receive increases and the wage bill would rise 15 per cent on affected farms. An estimated 67,000 farms in the United States employed 300 or more man-days of hired farm labor in a peak quarter in 1964. A minimum wage of \$1.25, using the same criterion, would affect 58 per cent of the hired farm workers on such farms with a 26 per cent increase in the wage bill on the affected farms.

If we restrict the comparison to the South, as earlier defined, for all farm applicability a \$1.00 minimum wage would raise the wage rates of an estimated 71 per cent of the hired farm workers in the South and would add 39 per cent to the wage bill in that area. A minimum wage of \$1.25 would affect 85 per cent of the South's hired farm labor and would increase the South's hired farm wage bill by 67 per cent. An application of the minimum wage to large farms in the South as previously described would affect 69 per cent of the hired farm workers on such farms at a minimum wage of \$1.00, raising the wage bill by a third. There were about 33,000 farms in the South which employed 300 or more man-days of hired labor in a peak quarter of 1964. A \$1.25 minimum wage applied to the same large farms would affect 78 per cent of their hired workers and raise the wage bill 55 per cent.

The U. S. Department of Labor estimates do not include in the wage the value of perquisites furnished to hired farm labor, and, hence, may tend to overstate the impact of instituting a minimum wage on the wage bill. <sup>1/</sup> For all farms in the United States, the 1965 survey indicated that 17 per cent of the hired farm workers received board and 35 per cent received lodging. In the South, 5 per cent received board and 48 per cent received lodging.

The extent to which extending perquisites in the South represents a difference in wages is somewhat uncertain. In an enumerative survey in 1959, U. S. D. A. analysis of data from 12 southern states concluded that the receipt of perquisites had no apparent influence on wages. <sup>2/</sup> In the 1965 survey the indicated hourly wage spread between farms furnishing perquisites and farms not furnishing perquisites was 8 cents per hour--about 11 per cent. For minimum wage proposals for agriculture which assign the fair market value to perquisites furnished in comparing hired farm wage rates with the minimum wage, it is clear that use of the cash wage alone would reflect a larger increase in the wage bill than would be true if hired farm workers receiving perquisites actually receive cash wages and wages

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<sup>1/</sup> At the same time, the extent to which institution of a wage floor in agriculture will cause the advancement of wage rates for farm workers above the minimum wage is not considered in the Department of Labor estimates, and this may therefore have contributed to understatement of impact.

<sup>2/</sup> U. S., Department of Agriculture, Some Regional Difference in Wages of Agricultural Workers, February 1960.

TABLE 1

Hired Farm Workers—Number and percent of hired farm workers earning less than specified wage rates and percent increase in wage bill required to raise the wages of those workers to the specified rates, all farms and farms using 300 or more man-days of hired labor in a peak quarter of previous year, United States and South, May 1965

Wage rate (cents per hour)	United States						South					
	All farms			Large farms*			All farms			Large farms*		
	Workers earning less than specified rate		Percent increase in wage bill	Workers earning less than specified rate		Percent increase in wage bill	Workers earning less than specified rate		Percent increase in wage bill	Workers earning less than specified rate		Percent increase in wage bill
	Number (000)	Percent		Number (000)	Percent		Number (000)	Percent		Number (000)	Percent	
50	199	14	2	71	12	1	173	23	4	68	22	3
75	493	34	8	162	28	6	402	54	18	152	50	14
85	619	43	12	203	35	9	473	64	26	174	57	21
100	728	50	19	251	44	15	527	71	39	209	69	33
115	956	66	29	298	52	21	617	83	55	229	75	46
125	1,005	70	35	330	58	26	632	85	67	238	78	55
150	1,253	87	56	463	81	43	687	93	96	272	90	80
All farm workers	1,445	100		572	100		739	100		304	100	

\*Farms using 300 or more man-days of hired labor in a peak quarter of previous year.

Source: "Hired Farm Workers—A Study to Evaluate the Feasibility of Extending the Minimum Wage under the Fair Labor Standards Act," submitted to the Congress, January 1966, Wage and Hour and Public Contracts Division, United States Department of Labor, pp.51-53.

in kind which represent higher rates of pay than workers not receiving such perquisites.

The amount which the inclusion of migrant workers would add to the wage bill above the effects indicated for the application of the minimum wage to large farms is difficult to estimate. In 1964 the South employed 178,000 migratory workers who worked an average of 100 days each on farms and received an average wage of \$7.75 per day. This compares with a nonmigrant average of \$5.45 per day for the South and suggests that, if perquisites are included in the minimum wage, the wage bill impact may be somewhat less for migrants than for nonmigrants for minimum wage levels of \$1.25 per hour. The proportion of migrants employed on large farms in the South is not known, but an estimated 40 per cent of the hired farm work force in the South is on large farms.

Piece-rate workers--as opposed to time-rate workers--are relatively unimportant in estimations of total impact of minimum wages on hired farm workers for 2 reasons. First, their numbers are small, 7 per cent in the South (12 per cent on large farms) 1/, and their wage rates average higher--\$1.22 per hour (\$1.41 on large farms). As in earlier comparisons, U. S. average wage rates for piece-rate workers are much higher than the South. A minimum wage of \$1.25 would raise wage rates of only 25 per cent of the piece-rate workers hired on large farms in the South. Extending to all farms in the South would bring the proportion to 37 per cent raised. 2/

The comparative impact of a hired farm minimum wage based on the 1965 survey is substantially less than the data for 1963 suggest, indicating the upward progress of the hired farm wage structure (Table 2). For all farms, United States, a \$1.25 minimum wage would improve the wages of 9 per cent less of the hired farm wage work force in 1965 than in 1963 (after allowance for the decline in the size of the work force). The wage bill increase needed to meet the \$1.25 minimum wage on all farms declined from 49 per cent in 1963 to 35 per cent in 1965.

Applying the same \$1.25 minimum wage target for all farms in the South, the proportion affected declined 8 per cent between 1963 and 1965, while the wage increase needed to meet this minimum dropped from 98 per cent to 67 per cent. Assuming that the sampling data are representative, significant improvements were made in the hired farm wage structure during this two-year interval. The South, reflecting its low wage concentration, showed its largest improvements in the decline in numbers needing wage increases to reach 50-cents- and 75-cents-per-hour levels.

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1/ This estimate of numbers affected, based on the May 1965 enumeration, is probably low since the peak of piece-rate work is in the seasonal harvesting periods later in the year. Stanley Knebel of the Department of Labor called my attention to this point after the presentation. The 1959 Census, taken in November, indicates a U. S. average of 22 per cent of hired farm workers were paid on a piece-rate basis.

2/ Hired Farm Workers--A Study to Evaluate . . . , op. cit., pp. 58-61.



TABLE 2

Hired Farm Workers—Number and percent of hired farm workers earning less than specified wage rates and percent increase in wage bill required to raise the wages of those workers to the specified rates, all farms and farms using 300 or more man-days of hired labor in a peak quarter of previous year, United States and South, May 1963

Wage rate (cents per hour)	United States						South					
	All farms			Large farms*			All farms			Large farms*		
	Workers earning less than specified rate Number (000)	Percent	Percent increase in wage bill	Workers earning less than specified rate Number (000)	Percent	Percent increase in wage bill	Workers earning less than specified rate Number (000)	Percent	Percent increase in wage bill	Workers earning less than specified rate Number (000)	Percent	Percent increase in wage bill
50	404	22	4	176	23	4	340	37	8	156	42	10
75	814	45	14	294	39	12	655	71	32	258	69	33
85	932	52	19	318	42	16	728	79	43	277	74	44
100	1,020	56	29	354	47	23	765	83	62	298	80	62
115	1,343	74	40	490	65	32	840	91	83	330	88	81
125	1,429	79	49	539	71	39	856	93	98	337	90	95
Total number of workers	1,807	100		758	100		922	100		373	100	

\* Farms using 300 or more man-days of hired labor in a peak quarter of previous year.

Source: "Hired Farm Workers—Data Pertinent to Determining the Scope and Level of a Minimum Wage for Hired Farm Workers," submitted to the Congress, January 1964, Wage and Hour and Public Contracts Division, United States Department of Labor, pp. 43-44.

Moving to more specific examples, the costs and returns estimates made by the Economic Research Service, U. S. D. A., for the important types of commercial farms provide some useful opportunities to illustrate the impact of wage change upon such operations. These impacts have been computed for illustration on the basis of no change in output or use of hired farm labor after the institution of a minimum hired farm wage (Table 3). The data are for 1964--the most recent year available. As will be seen the impacts are greatest on farms with the largest spreads between the (implied) present wage rates and the example minimum wage of \$1.25 per hour, but are modified by the extent of dependence of the farm on hired labor, and, naturally, the size of net income before the tested change in wage rates.

Tobacco farms in the flue-cured area would receive a heavier impact than burley farms due to the combined effects of greater hired labor use and wider spreads between existing wage rates and the minimum wage tested. The smaller cotton farms both in the Delta and the Piedmont appear to have little future if they absorb the cost of higher hired farm wage rates with a minimum of \$1.25. Broiler farms appear to be relatively unaffected due to low hired labor needs and higher current hired farm wage rates. The large cotton farms, reflecting both the high proportion of hired farm labor and the low current wage rate would suffer the largest absolute losses with a minimum wage of \$1.25 and might be expected to participate fully in cotton acreage reduction programs, unless the operator was prepared to accept the sharply lower net income for his plant in full operation.

Indication are that the drive to mechanize in cotton in the South would continue with the institution of a minimum wage at its present rapid pace until full mechanization is reached. Recent estimates indicate that seasonal worker employment in cotton last year declined over 30 per cent from the preceding year, and only 3 per cent of this decline was in foreign workers. (Public Law 78 which had permitted low-wage foreign-worker entry for seasonal agricultural labor was terminated at the end of 1964.) Further potential to mechanize in cotton, beyond the use of mechanical harvesters, lies in the direction of hill-drop planting, use of pre- and post-emergence herbicides and flame cultivation to eliminate hand work now used. Some of this potential is indicated in the per acre labor requirements for cotton production in the far west which, with essentially full mechanization, are about half the level of the states represented at this conference. Limits for introduction of use of mechanical harvesters are probably close at hand in the Piedmont and the hillier areas of the Coastal Plains, due to lack of terrain adaptability.

In tobacco, the availability of labor reducing technologies is much less in evidence than in cotton. Gains in output per man-hour have been less in tobacco than any of the other main field crops and have been primarily associated with substitution of fertilizer and yield increasing varieties for the rationed land with an acreage control program. A further concomitant of the acreage control program has been the continuance of large numbers of small allotments which do not favor the development of specialized mechanized procedures for use in tobacco production and harvest. Lack of transferability of allotments in some types has been a further deterrent to tract combinations which might be encouraging to the development of mechanization of tobacco production. Burley tobacco with its large number of allotments less than an acre in size is perhaps the type with farm program features least conducive to development of specialized machine equipment. At the same time, these small allotments are produced mainly with family labor and require little, if any, hired labor, thus reducing the vulnerability to hired wage rate increases.

TABLE 3

Comparative Effects of a Minimum Wage of \$1.25 for Hired Farm Labor on Selected Types of Commercial Farms, 1964<sup>a</sup>

Category of Farm	Acres in Farm	Hours Hired Labor	Hired Labor Cost 1964 (dollars)	Implied Wage Rate (hr.) 1964 (dollars)	Hired Labor Cost at \$1.25 per Hour (dollars)	1964 Net Income (dollars)	Net Income with Hired Farm Labor at \$1.25 per Hour	Per Cent Reduction in Net Income
Small Cotton Farms - Mississippi Delta	60	800	343	.43	1,000	2,383	1,726	-28
Large Scale Cotton Farms - Mississippi Delta*	1,000	21,970	12,211	.56	27,462	34,623	19,372	-44
Cotton Farms - Southern Piedmont*	240	2,720	1,295	.48	3,400	3,274	1,169	-64
Tobacco-Cotton Farms - North Carolina Coastal Plain	105	4,090	2,881	.70	5,112	6,362	4,131	-35
Tobacco Farms - North Carolina Coastal Plain	96	3,280	2,312	.70	4,100	6,429	4,641	-28
Tobacco-Livestock Farms, Inner Area - Kentucky Bluegrass	222	1,780	1,812	1.02	2,225	6,530	6,117	- 6
Tobacco-Dairy Farms, Intermediate Area - Kentucky Bluegrass	116	190	181	.95	238	2,678	2,621	- 2
Tobacco-Dairy Farms, Outer Area - Kentucky Bluegrass	136	740	679	.92	925	5,323	5,077	- 5
Broiler-Crop Farms - Delmarva	114	310	326	1.05	388	6,022	5,960	- 1
Broiler Farms - Delmarva	5	240	254	1.06	300	2,433	2,373	- 2

<sup>a</sup>Basic data on costs and returns from: Agriculture Information Bulletin No. 230, ERS, USDA, Revised August 1965.

\*Includes cropper labor under hired labor and value of perquisites in hired labor costs.



Effects of the inclusion of sharecroppers as "hired farm workers" are most difficult to weigh. The most recent estimates I have seen indicate that there were about 121 thousand sharecroppers in 1959, and the trend continues downward. Sharecroppers as a form of tenure are peculiar to the South. Some indication of the economic plight of the sharecropper is to be found in the fact that the most recent Census estimates available, 1959, show that average value of farm products sold per commercial farm operated by a sharecropper was \$3,800, compared with sales value for all tenants in the South of \$6,500 and \$9,100 for all farms in the South. Using the relation between cash receipts from farm marketings and realized net farm income in the South, 1959, as an estimator, a net for sharing of less than \$1,700 for sharecroppers in the South is indicated. While such rough estimates are not conclusive, they suggest that a substantial increase in "wage bill" would be needed to bring the wage equivalent of sharecroppers to proposed minima.

What can be said as to the likely impact on hired farm worker employment of minimum wage enactment to apply to hired farm workers?

Most studies I have seen indicate that the demand for hired farm labor is relatively inelastic, being somewhere on the order of  $-.2$  to  $-.4$  or  $-.5$ , depending on whose farm employment in response to the increased wage rates. East South Central States regional demand elasticity estimates for hired farm labor by Heady and Johnson yield long-run coefficients of  $-.82$ , which would suggest even more responsive declines in employment in the South with higher wages induced by the minimum wage. If this higher elasticity is applied to the all-farm wage rate rise estimated in the Department of Labor study, a \$1.25 minimum wage in the South would bring 55 per cent reduction in hired farm employment in that area.

What of the effects on consumer prices? The ability of the farmer to pass increases in costs on to the consumer has been less noted in the historic past than his ability to pass on to the consumer the savings in cost which technological advance has provided. The prime exception to this generalization dates back to World War II when a combination of concerns for encouragement of wartime output by government brought guarantees of favorable postwar prices and exemptions from ceilings generally levied on prices, or payment programs as in dairy, to admit rising costs. Movements of the parity ratio during this period attest to the validity of this point.

The amount of change in product prices needed to offset the increased costs in areas of heaviest wage increase impact can be illustrated with reference to 1964 levels for the experience on the tobacco farms of the North Carolina Coastal Plain and the large cotton farms of the Mississippi Delta. Such estimates are, of necessity, very rough approximations, since degree of dependence on hired labor use and efficiency of labor use will vary. For flue-cured tobacco an increase of almost 10 cents per pound in auction price would be needed, although this could be absorbed at retail with a price increase for cigarettes of less than 2.5 per cent if other elements of the marketing spread remained unchanged. Cotton, in terms of the impact on large Delta cotton farms and using Tennessee labor-use requirements for producing cotton, would require more than a 30 per cent increase in farm price for cotton. Consumer price increases for cotton with constant marketing and processing margins would be less than 4.5 per cent.

In a fairly extensive study of problems involved in applying minimum wages to agriculture published by the Department of Labor in 1960, Harry Kantor concludes

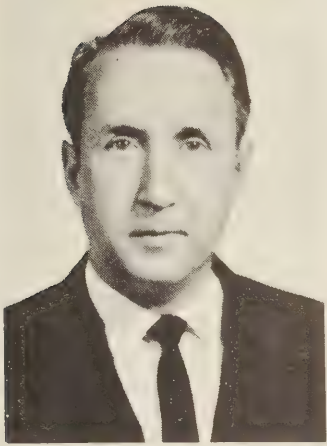
on this point. "Perhaps the likeliest outcome is that farmers will have to absorb all of most of the price increases through increases in farming productivity, rather than that they will be able to secure substantial price increases."

The likeliest avenue of transmission of cost increases incurred by farm operators through the enactment of a minimum wage for agriculture lies in the area of price support crops. Cotton and tobacco qualify on this score. However, the transmission of an increase in labor costs will be somewhat muted. First, hired farm wage rates have a weight of about 8 per cent in the prices paid index, and these are national reflections. Hence, a \$1.25 all-farm minimum wage which raises southern wage rates 67 per cent raises U. S. hired farm wage rates 35 per cent and would have less than a 3 per cent elevating effect on parity prices.

In conclusion, the projected minimum wages for hired farm labor appear likely, if enacted, to have the effect of driving out of production some marginal farming units too small to avail themselves of expansion and/or mechanized gains in efficiency, of encouraging more rapid mechanization developments in farm units with such potential, with the concomitant release of both hired and family workers into unemployment unless other employment opportunities are provided. Clearly these will likely be the least efficient in both categories, as a general rule. 1/ Assuming effective enforcement measures, substantial wage gains will accrue to many who remain in the employed hired farm work force, although secondary employment will still be needed for achievement of family incomes above the poverty classification. While a restriction of minimum wages application to large farms will carry the impact to the more efficient units, less in terms of income improvement will be achieved in the families of what are now the lowest paid hired farm workers, and the reduction in employment of hired farm workers will be smaller.

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1/ Exceptions to this appear possible among operators of small units with efficient family labor who are unable to expand size to escape from hand production methods. Some such operators may prefer to respond by entering the hired farm labor force with the advent of a minimum wage. For example, the operator of the example cotton farm in the southern Piedmont with 1964 returns to operator and family labor of 51 cents per hour may find an enforced minimum wage of \$1.25 per hour more attractive employment than struggling with a sharp increase in labor costs on his present farm.



## Minimum Wages and Organized Labor

by

Brewster Snow, Secretary-Treasurer  
Virginia State AFL-CIO

Mr. Chairman, Honored Guests and Delegates to the Conference:

It is an honor and a privilege to be with you here today, to bring to you the views of organized labor concerning minimum wage laws and to participate with you for awhile in this conference.

From the standpoint of the organization I represent, the Virginia State branch of the AFL-CIO, the opportunity you have given me today assumes a special importance, because as far as I know, this is the first time that any representative of our organization has had the good fortune to come into a group such as yours, in this state, and present the whys and wherefors of our position on a subject of such importance to so many people.

I would much prefer to speak to you informally, and I hope to do some of that later on, when you and I will, I hope, engage in a question and answer session. But for now, in order that what I say may be backed up by the written word, and so that I may not neglect reasonable coverage of the subject at hand, I find it necessary to be more formal than I like to be, and I hope you will bear with me in my endeavor for accuracy and incontrovertible evidence of what was really said. This is for your protection as well as my own, because there have been many instances, as you know, where people have made public utterances only to make vigorous denial of them when confronted with their stupidity. In this case, any stupidity exhibited by me will be preserved for posterity (unless I can get my hands on all of the copies of this address). I hope that this act on my part, however ill-fated it may be for me, will earn your confidence and offset, perhaps, some of the difference of opinion that exists between us--at least until I can convince you that our position is a reasonable position.

Please don't think that I am insulting your intelligence when I tell you what a minimum wage law is--at least from our standpoint--in order to place in proper perspective the actual object we are dealing with, stripped of all peripheral factors and opposing arguments. A minimum wage law sets by statute, federal of state or local, the least amount a worker is to be paid for services rendered to an employer. The effect of the law in the first instance is to remove from the employer the option of paying the least amount for which a worker will agree to perform labor; at the same time, the law removes from the worker the need to perform services for whatever pay he is offered by the employer, regardless of the total inadequacy of such pay.



There was a time, as we all know, when workers got no such protection from the law. If a man was hungry enough, or if his family was going hungry, he was forced--not by law or human tyranny but by circumstances--to take any work he could get at whatever wage was offered. We have to think twice to realize that such is still the case where millions of workers are concerned; they are still outside the coverage of the federal minimum wage statute or outside the protection of such laws as have been passed by the states or the localities. Those people are largely unskilled, either from lack of education and training or because they do not have the physical or mental capacity to develop themselves into workers who are suitable to man the ~~more complicated~~ jobs. Many of them, of course, are caught in the web of poverty-apathy-hopelessness that is presently the subject of so much debate.

To deny that some people are not victims of conditions is to deny the essence of human experience; to assume that all persons, if they really want to do so, can be self-sustaining on a reasonable level is unrealistic. In either case, we would be accepting the thesis that an individual's determination can thrust aside the vagaries of fate and the impact of the personal interests of every other human being whose activities affect his existence. I do not believe that many thoughtful people are convinced of any human being's invincibility. I do believe that most of us respond sufficiently to the basic tenets of Christianity to acknowledge that if one is willing to do and cannot do all that is desirable, he is entitled to enough help from the rest of us to live in reasonable decency and comfort. It might be said that such is the purpose of minimum wage laws.

We know that many people look on government control of prices or wages as something bad. They think that such things should be left to the shifting and turning in the marketplace. It would be nice, indeed, if the uncontrolled mechanics of the marketplace could produce economic justice for all. We know, though, that the meanderings of an undisciplined market have led to serious consequences for the nation many times in the past; and we know, too, that powerful influences have often thrived there in the guise of a "government stay out" policy. For our part, we in the labor movement have learned that a representative government can be trusted to protect community interests better than any other force, so we ask for laws where we think they are necessary to the existence of economic or social justice.

From time to time we all hear the complaint that some people are just not worth more than fifty cents an hour -- or a dollar an hour, as the case may be. I realize, certainly, that there are some people who will cost more than they will produce, but it puzzles me that an employer will try to operate with such workers. Is it because he knows he can't get good workers without raising wages? Or is there a service performed or a product made which is so worthless on the market that the consumers will not pay the few cents extra needed to buy it if the employer gives his employees a living wage? I suspect that in most such cases there is an ingrained opposition to the payment of adequate wages for what seems to be menial work. I am afraid that many employers have fallen heir to the royalist concept that people who do simple tasks are selected by a higher power to fetch and carry for others and accept whatever they are given for their time and labor. Labor, however, holds to the belief that there should be work for all who are willing and able to work, and that they should be given a reasonable share of the common wealth which is produced in part by their efforts.

Most of the talk that we hear about minimum wage actually comes from employers, in reaction to the effect it has or would have on them. In truth, the people who

would benefit or do benefit most seldom come into the picture as participants in the debate. That is because they are not in a position to debate the subject, either from lack of training, lack of a forum or because of the danger of losing what little income they have from the work they do. The problems of self-defense and self-help are compounded among such people by the weak hold they have on the legal and social processes. They dare not speak out, even if they know how. They cannot afford to be unemployed for long because they have no reserves to live on, so they are difficult to organize into unions for their own protection. Their skills are of such a low level that they can be easily replaced; there is seldom a genuinely tight labor market among the unskilled in our work force. For that reason, someone else must fight their battles for them, and the labor unions have done so, although it has not been reflected in our membership rolls or in our treasuries. In fact, from the point of view of the Virginia State AFL-CIO we have spent a great deal of time and a considerable amount of our members' money in trying throughout the last ten years to get a minimum wage law passed on the state level. Had such a law been passed, not one member of organized labor in Virginia would have benefitted from it.

There are plenty of people, no doubt, who are suspicious of organized labor's attempts to get minimum wage laws passed or to get them improved. They wonder what the gimmick is, what the reward can be. The answer is simple. Labor unions, like other institutions, have traditions. They arise in answer to a need or a desire. In the beginning, labor unions were formed to help working people help themselves to a more reasonable share of the things they produced. That is what labor unions are for today, too; that is why we champion the rights of all working people to a decent living wage.

The reactions of some employers -- and many of them are often represented in associations of various sorts -- to minimum wage proposals are very hard to understand. In practice, the raising of the wages of all laundry workers to a base level, for example, would not create a wage advantage as such for any employer. It might equalize the wage competition where it exists, of course. We think there is nothing unfair about that. To put it another way, we don't believe that an employer who is willing to pay a reasonable wage should be forced to pay substandard wages because he has a competitor who doesn't care how his employees have to live. And if the matter of relative profits is concerned, we don't believe that employees should be expected to subsidize incompetent management by foregoing a living wage. It is my personal opinion that businesses which cannot survive without doing so by adding to the lists of the impoverished would better be absorbed by successful firms which manage to perform services or make products for the market without ignoring the needs of their employees.

In the end, it is the public that furnishes the difference between a poor wage and a proper one. Considering all of the factors that have contributed to increases in the prices of services and goods throughout the years, the rising rates of productivity throughout our economy have, nevertheless, delivered ever more and more of those items to the people of this country. It would be a blot on the character of our people if we permitted the bulk of our population to enjoy the benefits of our productive capacity while a sizeable minority languishes in a slough of poverty simply because the lucky majority will not arrange to contribute to them a small part of the excess of good fortune the majority possesses.

It is the opinion of the AFL-CIO, based on studies made by competent economists, that the nation needs a minimum wage of \$2.00 an hour and that the economy can adjust to that rate without much difficulty. Of course, there is great opposition to such a



proposal, but we only have to glance at the history of the matter to find that there has always been considerable opposition to the proposition no matter what degree of change was suggested. As I have mentioned previously, the very concept of a minimum wage was opposed vigorously, and still is by many people of influence. In that sense, minimum wage has run a course very similar to that of social security, unemployment compensation, medicare and other moves designed to protect millions of good American citizens who find themselves in situations where their own efforts alone cannot solve the problem.

If we are to use the figures accepted by the U. S. government as a guide in defining the poverty level, we find that a family of four needs an annual income of more than \$3,000.00 to escape the poverty designation. As the numbers of the family members go up, there is, of course, a corresponding increase in the amount of income required, until it is estimated that a family with four children must have annual income of more than \$4,000.00 to rise above the poverty level.

We are familiar with the argument that an arbitrary figure on income can be misleading, so it should be understood that the statistics furnished by the Social Security Administration are not designed to be applied to each and every situation. They are arrived at on the basis involving the needs of families depending solely on income from labor performed to buy their food, clothing, transportation, and to pay their rent and fuel bills, to put it simply. We all know that there are circumstances in which one family of four can do much better than another family of four in other circumstances. But if we were to reject the whole proposition of establishing a floor under wages simply because there are exceptions, in some degree, to the norm, we would be evading our responsibility and figuratively sweeping the dirt under the carpet. And, I might add, anyone who deals with the social and economic problems of the poor sees entirely too much of that kind of thing going on.

A moment ago, I used the term "a floor under wages". I wonder how many people in this wonderful land of ours realize that we have, by law, put a floor under some part of their sustenance. To mention a few things, we can list social security, unemployment compensation, workmen's compensation, subsidies for various businesses, government services designed to increase efficiency and productivity, price supports, conservation work, and so on. Many of these aids are provided by government and paid for by the taxpayers, even though they benefit, on the surface, a certain group. We find, of course, on further study, that in most such cases the survival and the progress of that certain group has a significant effect on the survival and progress of the entire community. It is a necessity, we say, to subsidize certain businesses because they are essential to the national wellbeing in a crisis. It is a necessity, we say, to invest public money in agricultural research because the nation must be fed and reserves must be at hand for times of adversity. There are many other parallels to these examples, but they demonstrate the areas in which there has been a quicker understanding of the basis for taxpayer support of projects normally considered on their own responsibility. I cannot resist the urge to say here that, as it has seemed to me, the most vocal opposition to government participation in the agricultural economy has come from that very sector, itself. Whether that is a correct assessment of the situation, I am not sure, but I think it is safe to say that the farming community has for some time been held in considerable affection by the public at large, and not just because it is essential but also because it is our last real contact with the America of our childhood and we hold fast to those who represent it, whether we knowingly meet them face to face or not.



You may say, what has all of this to do with wages? Well, I might put it this way: we understand why the businessman must sometimes be helped to stay in business, and we understand why the farmer must sometimes be helped to stay on the farm and raise food for us. They, we must conclude, are vital to our survival in this time and place, all sentiment aside. But, you will say, where does the poor, unskilled workingman come in? He owns nothing, so he can't go bankrupt and bring the community down with him. He supplies nothing except labor, which is not in short supply among the unskilled occupations. And suppose we close our hearts to him and his wife and children, so that we really don't care what happens to him and to them. Are we then free of all involvement? We are not, because the poor are indeed legion, and they will be taken into account whether or no. If we will not give them jobs at a living wage, they will wind up on the welfare rolls. If we cut off the relief, they will be forced into lives of crime, and crime is expensive. Jails, police and all that goes with them do not come free to the taxpayers. Indeed, people who are not able to support themselves at a reasonable level of comfort and decency cannot be written off as mere unfortunates; the rest of society suffers and lives in jeopardy with them, as do law and order and Christianity, itself.

To point up somewhat this phase of my argument, I am told that a family receiving welfare assistance in this state may be subsidized as much as \$175.00 a month. That figure, of course, is not among the highest in the nation, yet it is worthy of attention. In hourly terms, based on a 40 hour week and 4 and 1/3 weeks to a month, that \$175.00 represents roughly \$1.00 an hour. This means that the welfare agency will pay the equivalent of a \$1.00 an hour wage, from the taxpayers' pocket, toward the support of a family, for which no labor is being performed at all. Now, while this sort of thing is going on all around us, and it is only a part and not necessarily a major part of the cost of keeping the poor alive, tens of thousands of Virginians, yet Virginians, are working on jobs that pay them far less than \$1.00 an hour. If that is good economics, we cannot understand it.

Furthermore, there is evidence that the public is paying out a lot of money for supplementary assistance to unfortunates who have some income but which is not sufficient to support them at even a minimal standard. Virginia is not alone in such matters. The problem of the poor, the uneducated and the unskilled is one that dogs the country at all levels of governmental and social endeavor. It is a problem that will not go away until the conditions that create it are corrected. A combination of a reasonable wage floor and a high rate of employment can do more to effect that correction than anything we are likely to be able to devise in the near future.

In this presentation, I have refrained thus far from placing accent on the responsibilities of human beings to one another, or on statistical matter. I have, instead, tried to bear down on the economic factors as they relate to all of us, rather than to those who need minimum wage protection. There is no merit to an attempt to make the downtrodden look like the salt of the earth, deserving of all we can deliver to them simply because of that. Forms of government and the outward trappings of humanity have changed greatly down through the ages, but people who are desperate and hopeless are just like they always were, they are a blight on the community and a physical danger to the rest of society. Such people have furnished the balance of raw power in many a deadly contest between power factions, and regardless of the righteousness of the outcome, they have added by their presence to the volume of physical damage that always goes along with such upheavals. You will recall Watts, California, I am sure. That was in 1965, in the U. S. A.

For a moment, though, let us pretend that poor people can live without help from the taxpayers. Let us pretend that they are all good, that they will not steal or rob someone even to keep from starving or freezing. Let us pretend that they will remain loyal to the society that tolerates their misfortune and will not be led astray by bad politicians. Let us pretend that we are willing and able to leave them to their suffering, and that we will pick up the tab when they sicken and die and must be put away. Think about it. What does that make us? I don't believe we even have to think about it. I believe that we would really sicken at the thought and that, in the end, we would perish from a lack of moral stamina.

It becomes, then, I am sure, not a question of whether we will show concern and give some help, but a question of how much help we will give and when we will give it. It becomes a question of whether we will make such people objects of charity or self-sustaining citizens. It becomes a question of whether they will end up as responsible human beings with individual stature of some consequence or be the same as a beggar in India. Logic tells us that self-help is more substantial than a handout, and experience confirms it. But it is hard to convince a person who is trying to support a family on thirty dollars a week of hard labor that he has a better deal than the fellow on relief who is getting forty dollars a week while he does nothing.

In our attempts to get a minimum wage law in Virginia, we have, of course, compiled some interesting statistics. We learned that the Virginia law, if enacted, would affect 75% women workers and 25% men. Such women are often the only or chief wage earner in a family. Thus proportionately, women are the primary victims of low wages, and many of them are working mothers, trying to feed, clothe and educate a large proportion of our future citizens. It happens, too, that many of the heaviest employers of women are firms engaged in intrastate commerce and their employees are, therefore, not covered by the federal wage and hour laws, which are already inadequate, themselves. Among those industries are the retail trade and service industries, such as laundries and dry cleaning establishments. In a recent survey of four Virginia urban areas, it was found that 45 per cent of the retail trade workers are women and women also comprise more than 50 per cent of the workers in the service industries.

It has been estimated that there are 110,000 non-farm workers in the State of Virginia earning less than \$1.25 an hour, and that to raise them to that level would mean a total annual increase in wages of about fifty million dollars. The estimated increase as a percentage of the total Virginia payroll would be only seven tenths of one per cent. But judging from the cries that have been raised against the minimum wage, one would think that the economy of the state would be wrecked overnight if such a law were passed on the state level.

The contention that establishment of wage floors and upward adjustments in minimum wage levels are bound to throw people out of work in marginal occupations has not been confirmed by experience. Surveys by the U. S. Labor Department pursuant to the federal minimum wage increases in 1961 show that just the opposite effect took place. There is ample evidence to show that the more money wage-earners are paid, the more they spend, as is quite natural. Among the low-income group, in particular, there is a quick return of the money to the market place, because such people are never in a position to hoard funds, needing everything they make for the immediate requirements of their families.

On this subject, one might expound for hours, citing figures and the results of studies and surveys. Labor's view of the matter is not based on complexities, although our position is bolstered by a host of complicated factors in evidence.



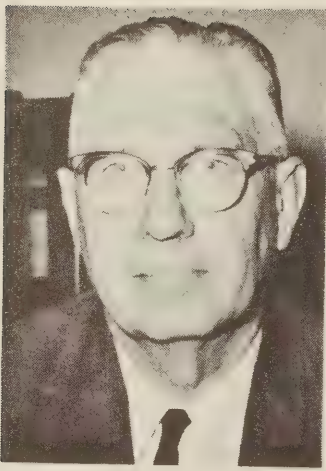
First, we think that human beings should help one another. I think that in this group here today, of all places, that concept will find acceptance, because the people who man our farms have always been people who believed in helping a neighbor. From the days of the American pioneers, the picture of the farmer has been a picture of one who worked with his neighbors to build barns or roads, to harvest the crops together, and to do together all of those things that no single person or his family could handle alone. That is still the spirit of our rural people, as I can testify, because I am a country dweller and I intend to be one all of my life. I have lived among farming people and I have done farm work, and that was back in the days when horses and pitchforks were among the main instruments on the farm, along with man, himself. But I expect that we have a tendency to look on the huge masses of city dwellers who are in poverty as somehow not as deserving as the relatively few poor folks we had and now have in the countryside. I assure you, that is not so. They are not any more different, they are no less deserving of our understanding than are the more fortunate city dwellers. It is just that we know less about them and we always see them at their worst.

It may be that you, as a group are more interested in how minimum wages applied to the agricultural occupation would affect you. Frankly, I am not qualified to speak on that subject, but I am sure that the millions of Americans who are making and spending more money than ever before in our history can afford to pay for your products the few pennies of extra cost that might result from the imposition of a wage floor. Experience with the raising of wages in the California truck crop and fruit raising areas following the ending of the imported labor era has shown that the additional cost is negligible, that the wages have been spent in the area and have augmented the prosperity of the local businesses. Although not exactly comparable to the usual situation, it demonstrates that the cycle created in earning and spending has a tendency to build momentum as it goes along. There is another interesting factor involved in the matter of farm worker wages. It has been pointed out that as long as the non-family-farm worker is paid low wages, the member of the farm family who helps run the farm is automatically doomed to a low income, himself. This should be a factor of special interest to those who believe that the family farm not only should be but needs to be preserved as a part of the national economic structure.

Organized labor is convinced that the farmer needs the purchasing power of well-paid workers in the non-farm area. When workers don't prosper, they can't pay good prices for food and other farm products. There are at present millions of people who don't make enough money to buy for their families enough meat, vegetables, fruit and milk to nourish them properly. This is income lost to the farmer. If it were put into circulation the worker would be better off and so would the farmer. As a matter of pure self-interest, it seems to us that all who profit from buying power, farmers, merchants and all the rest, would be interested in seeing the maximum of buying power always exercised. But above all, we need to nurture our traditional sense of justice and fair play, because that is what keeps us from being a nation of cold-hearted buyers and sellers. It is what has kept us true to the course set by the best of all human beings who have lived on the face of this earth. Even if it were to be at a sacrifice, we should help to lift the unfortunate up to a place of safety and peace of mind. As it happens, it is bread cast upon the waters and one of the wisest investments we can make in the future of this, our land our world.

Now, let me thank you for your kindness in having me here today. I am available for such questions as you might wish to ask me, whatever their nature, if that is permissible from the standpoint of the Conference. But before we begin, let me wish for you a most pleasant and constructive session, and let me leave with you the hope that you will continue to seek the opinions of our labor movement. After all, you in your fields and gardens, and we in our mills and mines, are fellow workmen.





## Impact of Minimum Wages On Flue-Cured Tobacco Farmers

by

J. C. Powell  
Tarboro, North Carolina

The topic I am to discuss is, "What Will the Impact of Minimum Wages Be on My Farming Operations." To give you a clearer picture of the possible effect of this, you will first need to know more about the area in which my farm is located and more about the system of farming in this area.

I live in eastern North Carolina, about 100 miles from the ocean and 200 miles from the mountains. My home county "Edgecombe", of which Tarboro is the county seat, is situated in the heart of the Coastal Plain area. The land is generally flat with gray soils. The soils are mostly in the Norfolk series and will grow a large variety of crops. The leading crops in the county in the order of the income produced, are tobacco, peanuts, cotton, corn and soybeans. There are lots of drainage ditches and small fields. The influence of the old plantation system of farming is still evident. There are many of the medium to large size farms that have sharecroppers as the main source of labor. This is a system that was born of necessity after the Civil War; however, the trend in recent years has been away from the sharecropper system with mechanization and hired labor becoming much more prevalent.

I take it that most of you are familiar with the term share tenant, however, in our terminology a sharecropper is quite different. A sharecropper's chief contribution is labor. The farm owner or operator furnishes the land, the allotment, the necessary buildings, equipment and the management. The other production expenses are shared fifty-fifty and the proceeds of the crop are share the same way. Over the years this system has worked very well with the high labor requiring crops such as tobacco, cotton, and peanuts. To further clarify how this arrangement works, I will give you an example of a typical situation. The old concept of a sharecropper was a large family with 6 or 8 children tending what crops they were able to harvest by hand. In our area this usually was 8 acres of cotton, 10 or 12 acres of peanuts and 4 or 5 acres of tobacco. The landlord, in effect, would be giving half of the crop for the labor necessary to tend the crop. A crop of this size with average yields on today's market would bring about \$9200. The sharecropper's part would be one-half of this or \$4600. This, of course, would be less his half of the seed, fertilizer, insecticides, curing oil, etc., which usually amounts to \$1500 to \$1800. In recent years this system, in some instances, has changed to where the landlord furnishes all of the fertilizer and seed and the sharecropper the equipment. Today, in Edgecombe, approximately 50% of the families on the farms are sharecroppers. I have a sneaking feeling that this is the reason I was chosen to appear on this panel. I might also add, that in the area where peanuts and cotton are predominantly grown, the wage rates are low. In the heavier tobacco areas they are a little higher. Tractor drivers will command from 50 to 70¢ per hour and tobacco primers up to \$1.00 per hour. This, I think gives you some background on the over-all

situation in our area.

Now, I want to tell you something about my own farming activities and how they will be affected by the minimum wage scale. I operate two farms about a mile apart. One has approximately 400 acres of cropland, the other 200 acres. Crops grown this past year were 24 acres of tobacco, 96 acres of peanuts, 85 acres of cotton, about 50 acres of small grain, 200 acres of corn and about 100 acres in pasture and temporary grazing crops. I also keep 50 registered polled Hereford cattle and 45 brood sows. The tobacco, although small in acreage, provides over 35% of the gross income. It also requires most of the hand labor and has been a "road block" insofar as mechanization is concerned. I, like a lot of others, have been rather slow in mechanizing because of tobacco, however, from necessity this is changing fast. Last year all of the tobacco, all of the peanuts and about one-half the cotton was tended on shares. The corn, the grain, the other half of the cotton, soybeans and the livestock were handled by hired labor. Seven sharecropper families and four hired labor families make up the labor force. The sharecroppers were also used as hired workers when needed and when they were not busy in their own crop. During the summer months, especially in harvesting tobacco and peanuts, the women and children make up a large share of the labor force. Four tractors and fourteen mules provided the power. Each of the sharecroppers used a pair of mules to cultivate and tend his crops, however, a good part of the land preparation and crop planting was done with tractors.

Before I talk too much about the effect of the wage change on my own farm, I would like to comment first on the impact of "minimum wages" and higher cost on flue-cured tobacco farms in general. I have talked to a number of farmers about this problem and I think this will represent a cross section of their opinions:

1. It will definitely speed up the present trend of increased mechanization of such crops as peanuts, cotton, corn and soybeans. A drastic increase in cost will take place that will force increased efficiency.
2. Most of the tobacco will be shifted to sharecropper units or rented out for cash. Tobacco is a very high, hand labor crop as it required approximately 500 man hours per acre. This makes tobacco growing primarily a family undertaking and it would lend itself well to the present sharecrop method of production. The peak labor requirement for tobacco comes during July and August when the older children are out of school.
3. The same is true of the smaller farms where the family labor force is more of a factor. Tobacco furnishes a much higher proportion of the gross income on these, and this is usually where the best tobacco is grown. These will likely rent in more tobacco and become, in effect, "tobacco specialist." A number of these already depend on part time and off farm labor with hourly rates for bench hands running from 60 to 75¢ per hour and for primers from 80¢ to \$1.00 per hour. Labor is the major expense in growing tobacco and minimum wage is bound to increase the cost of production.
4. Minimum wages are going to develop a tremendous pressure for suitable mechanized harvesting equipment for tobacco. Progress has been made on this and there are some experimental harvesters now that have reduced their leaf drop to 10 or 15%. This is getting in the practical range as small droppage is of much less importance under the acreage-poundage program than it was under the old acreage program. Along with mechanized harvesting goes the problem of bulk curing.

There are a lot of problems to be solved and even at the best, complete tobacco mechanization is still several years away.

5. It will have the immediate effect of decreasing the farm population. It will send a wave of untrained and unskilled labor from the farms to the towns and cities. Most of these will possibly wind up on some relief or poverty program. This will be just the opposite from what some of the proponents of the minimum wage bill contend.

6. The minimum wage law will also cause many that can't adjust to this added cost, to go out of business and become a casualty to the wage and hour program.

Now, the problems confronting me in the operation of my own farm under the proposed wage scale. Perhaps the biggest of these will be the added cost. Will I be able to afford this? For the past two years my payroll has been larger than my net farm income. It does not take an expert mathematician to figure what happens to your profit under the condition of doubling your labor cost. Mine would be more than doubled if I continue my present system of farming. At present, I consider the cash wages I pay competitive with other farmers in the area. My general level of pay is approximately 50-60¢ per hour for men and 40¢ for women. Actually I pay them by the day or week rather than by the hour, so this is an approximation. There are some fringe benefits however, such as housing, gardens, fuel, side crops, etc., that would possibly bring this up to 70 or 75¢ per hour. Most of mine have a side crop of 5 to 7 acres of peanuts on shares.

All of this means then I will have to make some drastic changes in my method of farming or I will also be a "minimum wage" casualty and I am afraid there are going to be a lot of these.

The major effects of the minimum wage provision on my operation in addition to the extreme financial problem would be as follows:

1. A drastic reduction in the number of people working on the farm. This is inevitable. I would possibly retain three of the best sharecroppers to handle all of the tobacco on a share basis. All of the other crops would be mechanized and worked for wages. Two of the wage hands are perhaps intelligent and efficient enough to be kept, even on the higher wage level. The others would have to be replaced. The mere fact that you increase wages from 50¢ to \$1.25 per hour is not going to change the basic type of labor we are using or make them more capable. There are no jobs available for this class of labor in town and most of these will become a "minimum wage" casualty, also.

2. Second is the problem of substituting machinery for people and of finding people who can handle intricate equipment carefully and efficiently. First of all, machinery is extremely expensive. Most any of your larger pieces of equipment will cost from 1 to 3 times as much as a Cadillac. The net investment per worker is already high and this will tend to skyrocket it much higher. Will the returns justify it?

My peanuts, cotton, corn and soybeans, although farm from it now, can be almost completely mechanized. To do this, cotton pickers, combines, storage bins, handling and drying equipment, herbicides, etc., will all be necessary. Four and six row equipment will have to be substituted for the present mules and 2-row equipment.



Tile drainage will also have to be installed and ditches filled to enlarge fields. And I don't want to do this because I love to bird hunt and about the only place you can find them now is in the woods - I hate to destroy their last nesting places. Land leveling equipment will also be necessary.

3. What will happen to the fringe benefits? These certainly can't be continued unless the market for our crops reflect the additional cost that is being imposed. The annual cost of upkeep on the old houses we now have will be more than the rent that they will command. If trained mechanics are hired in the place of tractor drivers, the housing will have to be improved. If we have to go as high as \$1.25 per hour, it may pay to go a little higher and compete with our industries for much more competent and efficient help.

4. Two other likely effects are that the maximum acreage of both corn and cotton will be placed in the feed grain program and the new cotton diversion program. Also, more land will go into permanent pastures with some increase in the livestock program. Then, there is also the possibility of the cropland adjustment program. What effect will this have on our local merchants?

In conclusion, there are a few unanswered questions that I would like to pose:

1. Can we adjust to the needed efficiency to make farming profitable?
2. What is going to happen to all of the people that move off of the farm?
3. Will the average farmer be able to get the financial backing to make the needed changes?
4. Will the level of management be equal to the change?
5. Can our present labor be taught efficiency and responsibility?

I think these questions need a lot of thought before a bill of this magnitude is passed.

I have one other alternative, set out all of my cropland in pine trees. This I would hate to do as I thoroughly enjoy seeing my crops grow and working with the cattle and hog program. If many farmers did this, what would happen to local businesses that supply our farmers?

## Impact of Minimum Wages on Fruit Producers

Mason Reger

I bought an orchard a few years ago from a man who sold out because he was discouraged by the imminent labor situation.

He believed in the hot-potato philosophy. "If you can't handle it get rid of it quickly."

It is an average orchard in size for the Appalachin area. It is 105 acres and produces from 50 to 60 thousand bushels annually. The equipment has quickly become obsolete in the usual manner and the regular employees vary from 6 to 10 depending on how many are intoxicated on Monday and how soon they get back on the job.

It costs me about \$10,000. each year to grow the crop and \$90,000. to pick, pack, and sell it. This is the essence of our problem. The hay or row-crop farmer has mechanized while the fruit grower has had more problems. Thus the cost of labor is greater for him.

My first venture into the fruit growing industry was in Washington State, 3000 miles from the center of population, and the consumers.

I paid \$1.00 per hour for common labor. On the face of a Western recession in 1949, which you folks may remember by the Life Magazine pictures of thousands of bushels of Winesaps being leveled on the Yakima dump so growers could recover their western wooden boxes. Coming events cast their shadows before, so the bigger growers met and decided to drop the price of labor to 90¢ because of the abundance of western displaced transients swarming into the area from California and Arizona where they first looked for the promised land. So we dropped the price of labor from \$1.00 to .90 and every employee quit in righteous indignation. Later the price dropped to .75 in the same manner and every one of my regular men came back looking for work after having toured the prospects of other growers and lost a month's wages. This fruit venture convinced me that marketing was as important as growing apples.

My next venture was in Virginia in 1951 when I operated an established orchard of 300 acres for a minimum salary and a nice percentage of the net. Unfortunately there was no net and the orchard was abandoned after losing the owners several thousand dollars. It was one of the very few orchards in the East that could be irrigated and during that drought year my experience with Western irrigation salvaged a big loss to a smaller loss.

Men received .55 per hour and women .45 which were the highest wages they had enjoyed for many years.

Now I am paying \$1.00 per hour for men and .90 for tasks performed by women, so farm wages have doubled in my area.

The apple industry was composed of apple growers a few years ago, with a tiny segment of nurserymen.

Now the apple industry still consists of a few growers but more than 50% as evidenced by the annual convention are marketing people. Processors, canners, freezers, and packers assemble raw foods, process, handle, and sell them at wholesale and retail. Advertising men help in selling. Brokers and commission men also.

Suppliers of cardboard, paper, wooden boxes, staples, stitching, glue and lithograph, bin boxes and machinery dominate the crowd at these conventions.

Cultural people from state and federal institutions, land grant colleges and experiment stations, plant pathologists, Entomologists and Horticulturists come to explain more efficient practices. Agr. Chemical and spray supplies are represented. These cultural people have revolutionized the established cultural practices, greatly increased yields and reduced the unit costs.

The middle of the road growers--and the "last to leave the old" have gone out of business. Three fourths of orchard acreage has been abandoned but the 25% remaining is producing more bushels than the entire former acreage.

When we realize the actual growers are now a minority part of the apple industry and it may seem that the tail is wagging the dog let us consider what we are selling.

Years ago we were selling food, and apples were a form of fresh-live food that would store alive and keep for months in a cool place without expensive preservation.

Now we still sell a food product but to a greater extent we sell beauty, decoration, entertainment, and vitamins with every apple. The apple must not be just edible; it must be beautiful, high in vitamins, and crisp and juicy so that eating a fresh apple is a delightful experience. That is where the entertainment comes in.

Frozen and canned apple products sell convenience and relieve modern homemakers of the chores of preparation and the attendant inefficiency and waste.

In order to preserve this beauty and perfection, great care and hard labor is used out of proportion to other agriculture or industry, and all in a short season.

The fruit industry did not become established in areas in search of abundant cheap labor. Locations were determined by altitudes relatively safer from spring frosts and winter freezes. These happened to be on the lea of mountains in this eastern area, since climate is not so much influenced by bodies of water here. Small subsistence farmers and mountain people supplied the labor for peak periods.



Now these people have found other jobs in our industrializing country and are no longer available. Nor will they be available even if fruit growing wages double again as they have in the past few years.

Many orchard employees are available only because they cannot hold steady jobs in industry. Other parts of the fruit industry are paying higher wages for skilled personnel so we have lateral competition as well.

Apple varieties ripen in sequence but most of them have a short period of best quality and color. The harvest help do not have the loyalty and "esprit 'd corps" necessary to really want to take kindly care of the fruit. Their attitude is every man for himself.

Consider the grower who has cared for this fruit through the winter pruning, the spring frosts, the summer sprays. Who has thinned each fruit so it will not touch another and have a spot that is not fully colored. Then to have it bruised and ruined by rough picking and handling. Half of my crop was sent to the canneries or cider mill because of bruising. With a shortage of labor, every day found the fruit riper and softer. Pickers stayed home to hunt squirrels or watch the national series. Time ran out, much of the once perfect fruit dropped on the ground and was picked up for cider. Cold freezing days in November stopped harvest that should have been completed before frosts in October. Harvested fruit ripened in boxes in the orchard or packing shed for lack of sufficient labor to haul and pack it while every employee was urged to help pick.

We all enjoy the story of the good Samaritan who helped a fellow man without desire for a reward a real true "do-gooder".

But what happened to the man whom he helped--did he pass on this kindness to others? The story ends before the best part. Perhaps he lived happily ever after, rather than detract from a simple lesson in kindness.

Have you heard the old arabian story of a similar nature where the good merchant gave a cripple a staff for a crutch and the cripple quickly knocked out his silly brains and went his way rejoicing with the merchants clothes and gold.

Our nation has had this problem with the aid we gave Cuba and other countries. They used our aid as a weapon against us. We have to be careful whom we arm as allies for the same reason.

If orchard labor needs higher wages, they must come from the pay of industrial workers in taxes or higher food prices.

Sound wage increases result from improved productivity. As efficiencies or skilled labor reduces the unit cost of a bushel of apples or peaches it is sound and right for that labor to receive a proportion of the benefit.

This is not the situation for the fruit grower struggling for survival with less efficient labor each season. Higher wages do not come from increased ability to pay. They come from his past savings or principle. Thus we kill the goose so there are no more golden eggs.

Legislation to bring about higher wages more rapidly would not correct such an abuse but cause a hardship for the entire fruit industry. Meanwhile the laws of supply and demand are bringing about these changes in an orderly and sound manner.

Labor legislation flourishes in situations of abuse so it would be helpful to fruit producers paying the higher wages to have their competitors forced to pay more. The problem is whether this crutch may be used for a weapon.

Part of the low income of orchard workers is due to remedial health problems, bad teeth, frequent sickness, both physical and mental. The latter might help explain the frequent over use of alcohol, so the employees ends up physically sick. Again he has used higher wages as a weapon against his employer.

Unemployment payments or job insurance also make a dandy weapon out of a crutch, so that the worker loses part of his incentive to earn. The same is true of relief checks, these crutches make fine weapons.

In summary I would like to say that with privilege comes responsibility and increased minimum wages in the fruit industry can only exist with increased production and lower unit costs or they eliminate part of our industry.

# Impact of Minimum Wages on Burley Tobacco Farmers

Ruben Naylor

I think I am a fairly typical Central Kentucky Burley Tobacco and General farmer. I am married, have two children, ages 14 and 16. I am typical in that when I balance my books at the end of the year I usually find myself in the same situation as I was at the beginning of the year - in debt.

Here is how it works:

I operate a 400-acre burley tobacco and general type farm in partnership with my father-in-law.

On this farm we grow the following crops:	12 acres Burley Tobacco
	12 acres Barley
	25 acres Alfalfa
	40 acres Clover
	280 acres pasture

In addition to this home farm operation we rent 13 acres of tobacco and 200 acres of pasture. Our average livestock inventory consists of 88 brood cows, 44 heifers, and 80 brood sows. We finish out all of our hogs, and steers and sell the heifers as baby beeves.

As for our labor, we have three full time families living on the farm. We guarantee these three men full time work, the wife of one of the men works half time. One of the men has two boys 16 and 18 years of age who work on Saturdays and whenever they are out of school. We also have a mechanic who works approximately half time.

In addition to this full time labor we have to hire outside labor during tobacco harvest, hay harvest, and tobacco stripping.

We operate on a ten-hour day from seven to six, with one hour off for lunch. The breakdown on this labor by man days per year is as follows:

The 3 full time men	= 780 man days
The 1/2 time mechanic	= 130 man days
The 1/2 time woman	= 130 man days
The two boys	= 224 days
Outside harvest labor	<u>= 262 days</u>
	1526 man days



We pay our labor \$6.00 a day for regular work and \$12.00 for harvest and peak seasons. This averages out on a yearly basis at about \$7.00 per day for our regular help and \$12.00 per day for outside help.

The breakdown on the yearly cost of this labor is as follows:

3 full time men	\$5460
1/2 time mechanic	910
1/2 time woman	910
The two boys	1568
Extra help at harvest	<u>3152</u>
TOTAL	\$12,000

The average pay per hour for the men on the farm is \$.70 per hour and for the off farm help is \$1.20 per hour.

In addition to the \$7.00 per day or \$.70 per hour the men on the farm receive:

House rent	=	\$360
Coal	=	100
1 hog	=	60
Garden		<u>520</u>

If this \$520 is added on to the wages received by the men who live on the farm it brings their per hour wages up to \$.90.

There are other fringe benefits these men receive. If they take off an hour they are not docked. They are allowed to borrow trucks and tools. They are advanced money with no interest charge, workman's compensation, and social security. Also there are many days during the year due to weather conditions when the men are unable to work a whole day for which they are paid.

Also consideration should be given to the qualifications of these men. When these men came with me they had very little farm experience and even less education. They came from the eastern Kentucky coal fields and their experience had been with coal mining. These men are now making more money than they ever have.

So much for what I am paying--now for the other side of the coin, how much am I making?

I am a member of the Blue Grass Farm Analysis Association, a farm records and records analysis service sponsored by the University of Kentucky. These records show that the farms net income in 1965 was \$12,656. My half of this was \$6,328. This is the amount I received for my capital investment, and management. This may be more than my management ability deserves but certainly is not enough to cover the interest on our investment.

With this picture of cost and returns what are my alternatives if I have to increase my wage scale?

1. Increase the scale of my operation in an attempt to better utilize my present labor force.

2. Mechanize to a greater degree
3. Decrease the scale of my operation and try to do the work myself.
4. Go broke.

Neither of these four alternatives offers much hope in my situation. I am limited in opportunities for expansion. In fact, my tobacco allotment has been reduced from 12 acres to 10.2 acres this year. I invested \$10,000 in increasing the size of my hog operation last year. I have probably already over expanded my cattle operation. I am close to an expanding Metropolitan Center which makes it impossible to buy additional land at a price that I can afford to farm. This alternative offers me very little hope.

The second alternative - to mechanize - also looks rather bleak. Burley tobacco which requires the lion's share of my labor is difficult if not impossible to mechanize because of the limited number of acres that I am allowed to grow. At this time I couldn't justify borrowing to mechanize my tobacco operation even if I knew how - which I don't. I have gone about as far as I can go in mechanization of my hog operation. I am now using push button system of feed preparation and am in the process of installing auger feeders.

The third alternative of decreasing the size of my operation also offers little hope. If I decrease the size of my operation there just isn't enough income in sight to keep me going.

The fourth alternative of going broke, while being the bleakest of the four, seems to be the odds on favorite of winning out.

In conclusion, my unhappy situation is not unique but instead is the situation of the majority of the farmers of my area. It is indeed a paradox that here in a nation that is the best fed and best clothed in the history of the world that we farmers cannot afford to pay higher wages.

I would like to thank you for the opportunity of appearing before you and presenting the case of the Burley Tobacco Farmer of Central Kentucky.



## Impact of Minimum Wages on Farm Supply Businesses

by

Jim Marshall  
Charlottesville, Virginia

First, let me set a little background as that seems appropriate. I am a little sorry that the figure of volume was brought out because we are just poor country merchants trying to make a living and sometimes you ball up your troubles in a rather big ball without really shaving off any great profit out of it, and the volume of business is not really a criteria to judge it. The dollars you take home, the dollars that the tax man leaves with you are really the important criteria, as I see it. Charlottesville, as many of you know is in the general farming area. It is an area currently operating in what the labor economists for the government call a 1.6 unemployment ratio. We could probably get a lot of people here who would disagree on just what that means but our interpretation is that we are already working quite a few people who don't want to work at all. I am responsible for the management of my business, which is a corporation and part of which I own. So I will give you a few statistical facts and few opinions and I will try to say which is which.

It's difficult to consider the minimum wage thing as far as our business is concerned without also considering that companion piece of legislation which says that because of the volume of business we do, anyone who works more than 40 hours must be paid time and a half for it. So, remember that my remarks concern both of them. Prior to 1959, random labor picked up to unload a boxcar or some unexpected job that you were not able to handle with your regular monthly employed crew, would be paid 75¢, 80¢, and 90¢ per hour depending upon whether you knew for a fact that he could work or whether he was a rum-dum needing another bottle. When we saw the handwriting on the wall we, then, in 1960, started paying random labor, \$1.00; and in 1963, \$1.15; and of course, 1965, \$1.25. Now, this is an opinion that I can back up from actual work records. We find that when a minimum wage was established and required, it assured us that we got the minimum quality. Now that sounds like a slap at them and I don't mean it that way at all. We know from our own personal experience that when you pick up extra labor, the caliber of the extra labor that you get is poor even when we are paying more than the minimum wage. I would like to illustrate this with some statistical figures. Prior to 1960, our random in-bound cost of labor to move a ton of merchandise assorted and mixed from the boxcar, or from the farmer's vehicle and to have it properly stored in the warehouse was from 45¢ to 55¢. Today, or rather in late 1965, we ran a cost survey on this aspect and the cost is now between 95¢ and \$1.00. In face of this cost, we are taking steps to achieve greater mechanization by eliminating some of those products that require extra handling. Of course, somebody has to handle those things and if we give them up, somebody else may be smart enough to figure out a way to do the job with less cost. We find it much more effective to pay adequately for the employee's mind or the employee's physical skill and this



is a more suitable gauge for giving raises or pay increases than an edict from Washington - Perhaps it's a good thing that everybody gets \$1.25 or \$1.60 per hour or some other amount of money. We have found that when you shove up the bottom of the pay scale, the top also goes up. I want to illustrate this with a ruler. As you shove on the bottom, the top goes up. You might say, it isn't necessarily so, and that it doesn't have to go up. I will agree with you. I can work like a spring. You can press them together a little bit if you hold your finger on the top. But, like a spring, if you get them closer and closer together and you don't watch out, the spring is going to jump and it will be out of your control. We have found that when we raised our minimum wage rates to accomodate the minimum wage laws that came from Washington, then the other folks on the pay scale say to me, "You have to bump mine up, too". Let me observe to you, that if you don't bump them on up they may leave and then you have more trouble than if you had voluntarily made the pay adjustment.

The effect of this is to try to pass it on to the consumer because you can take only so much of it yourself. The consumer adjusts by shopping around and maybe he buys from someone else whose volume of business or some other legal entanglement does not require his particular business to pay the minimum wage scale. We have competitors who, because of their product-mix or because of the volume of business don't have to pay the wages. However, they don't get very good help.

We are having to pay more than the minimum wage to get somebody to do a job. In 1959, the going labor rate in Charlottesville for mechanics who serviced farm equipment was \$3.50 an hour. You bring your tractor in or we send our man out and we charge you \$3.50 an hour for this trained mechanic's time. Now to better look at this, I would like to think about it in terms of some commodity that the farmer produces. A good commodity to use is corn. In 1959, the farmer forked 2 1/3 bushels of corn to pay us for the services of the mechanic. Today it takes twice the number of bushels of corn to pay us for the services of our mechanic.

The corporation that I manage has been in business about 85 years as a privately owned corporation. In the course of being in business that time, there are certain policies that get established down through the years. I think, basically, they were good policies and they were founded on the premises that Joe Blow has worked for us and it is a slack season and we don't need him but he's got a family and children going to school, so we will swallow it and keep him on. We want him to have a regular job. However, the minimum wage has caused us to review this policy and we are reluctant to do it. We now pay \$1.25 with time and a half for overtime and all workers participate in the profit sharing program which we have and they receive 10% of any profit that we make divided on a pro rata basis, plus 50% of any increase of profits over the average of the last 3 years. If we do well and make some extra money 50% of the increase of profits over the average of the past 3 years is divided among the employees on the same basis. Let me tell you of a humorous experience although I didn't think it was humorous when it happened. Just recently, we announced the profit sharing checks. One of our recently re-enfranchised citizenry had to take off lunchtime to go over to town and he didn't come back until 4:30 at which time checks were being handed out. He had made a liquour purchase. I am sorry to say that this wasn't one of those good years and as I handed him the check I heard him mumble "Here Mr. Jimmy, if that's all y'all got for it, y'all needs it more than I do," and handed it back. He is employed in Washington now and I understand doing very well although he hasn't paid any local bills that he owes. I see a tremendous need to motivate these folks and make them want to do better. We have jobs open

and waiting for them but it does require a little bit of reliability, a little bit of interest and a little bit of study. Very frankly, I have to keep studying to be able to hold my job and I'm not too sure that I am studying enough. I don't think it is too much to ask that they try to learn how to handle our equipment a little bit better. You would be amazed at how often we plan to have a company meeting and we are going to have it on our time, but since it will take 10 minutes of the help's time the answer too often is "to hell with it." "I've got to meet someone," or "I've got to go hunting," or something.

Let me close my prepared portion with this thought. "Give a man a fish and you will temporarily relieve his hunger, teach him to fish and there is no need for him to be hungry." I would like to add that we run across some individuals who don't want to get the sticky juice of work on their fingers to load the hook and we have to make them want to load the hook.

In recent conversation, one of your economists had questions raised that he had trouble answering. His cohort asked him why there was such a situation. His answer was, "How do you tell an audience that the government doesn't tell the whole truth?" Gentlemen, if you, as educators, do not have the courage to tell the people that you government isn't telling the whole truth, I am certainly not one to judge you. But I do have the courage to say to you that if you don't have that courage, you are not an educator.



## Impact of Minimum Wages on Consumers

by

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To begin with, let's be clear about who the consumer is. The consumer is you and me, the members of our families, and all our friends and relatives. Everyone is a consumer. Yet, we are rarely organized as consumers. We are far more often organized in professional groups, such as agricultural economists or statisticians or lawyers or in community associations.

Because we rarely speak as consumers, but only act as consumers, it is difficult to say what consumers really think about any particular subject. We are not vocal as consumers. We cast our vote on consumer matters when we buy in the market place.

How do we act as consumers? If we plan our purchases carefully we should behave like the textbook's "economic man" and search for the best buy at the lowest price. If we are wise, we look for quality and style or design which suits our particular tastes. We like low prices. We are pleased when the price of bacon goes down; we protest when it goes up, especially above a dollar a pound, as it is now. And so we are likely, in our own immediate economic interest, to question any measure which makes prices rise, or threatens to do so.

Whenever new or higher minimum wages are considered, therefore, the first and most immediate question from a consumer point of view is whether the establishment of a minimum wage will raise costs and prices. It has been raised in every discussion of minimum wages that I know anything about, beginning with the earliest debates over minimum wages for women before World War I.

Yet organized consumer groups - the National Consumers League, supported by women's clubs, were instrumental in the passage of the earliest minimum wage laws for women, as they were in the passage of factory inspection legislation and laws limiting hours of work for women and children. They even picketed shops that sold products made in "sweat shops". These were humanitarian drives, but they were carried on with zest, vigor and tenacity, regardless of any economic interest in low prices.

But to return to prices. In some instances, costs and prices have no doubt been raised, as a result of higher wages but over the long sweep of years, I think it is fair to say that the effect of higher minimum wages on prices has been minor in comparison with other forces in the economy. Remember that the first minimum wage law for women was enacted in 1912, and the Fair Labor Standards Act in 1938. Since 1938, we have lived through World War II and the Korean Conflict with all of the economic pressures which wars generate.



Prices more than doubled both for consumers goods (not including services) and for industrial materials and products but it would be impossible to segregate the effects, if any, of higher minimum wages. 1/

In the same period, of course, wages and family incomes more than tripled and, per capita disposable income - i.e. income after taxes - quadrupled.

In general, for most of the industries initially covered by the minimum wage provisions of the Fair Labor Standards Act - largely manufacturing - average wages far outpaced the successive increases in the minimum wage in this same period.

In passing - there is a lesson here: If minimum wages are going to be initiated or raised, it is easiest to do so in a period of expanding activity and rising levels of incomes and prices.

But as each particular proposal to broaden coverage or raise the level of minimum wages is considered, the question is again raised whether prices will be increased. And it is a reasonable question. Following the 1961 amendments to the Fair Labor Standards Act a special study was made of price changes in the manufacturing industries most affected by that Act from April 1961, before it became effective, to April 1964, both in the South where the impact on going wages was greatest and outside the South where it was very limited. 2/ In the first year after the \$1.15 rate became effective, prices of half the commodities in the South and three-fifths in the North changed very little. Prices went up by 3 percent or more for a fifth of the commodities in the South and fewer outside the South. In the year following the adoption of the \$1.25 rate, price increases were even less common. Considering the one-year periods after each of the higher minimum rates became effective or even the entire three-year period studies, price changes indicate that, for the most part, wage adjustments required by 1961 amendments to the Fair Labor Standards Act were not passed along in the form of higher prices.

As the Secretary of Labor has said in his current report to the Congress on the Fair Labor Standards Act:

"The period during which the 1961 amendments have become effective has been one of extraordinary price stability. The general wholesale price level in April 1964 (seven months after the \$1.25 rate went into effect for the majority of covered employees) was almost exactly the same as it had been in April 1961 (five months before the effective date of the first step increase from \$1.00 to \$1.15.)

"There has been a larger rise in price levels in the past 12 months. Yet the closest scrutiny of the evidence reveals no identifiable relationship between minimum wage changes and overall price levels. Some items produced in low wage industries have gone up by more than the average, others by less."

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<sup>1/</sup> Sources: Bureau of Labor Statistics, U.S. Department of Labor, CPI commodities up 133 percent 1938-1965. WPI all other than farm and food products up 124 percent.

<sup>2/</sup> See "Minimum Wage and Maximum Hours Standards Under the Fair Labor Standards Act, An Evaluation and Appraisal" Report submitted to the Congress Jan., 1966, U.S. Dept. of Labor, Wage and Hour Public Contracts Divisions, p. 13-15.

But it is likely that the institution of a minimum wage in some of the low-wage occupations and industries not now covered will give rise to higher costs. This is especially true for the service industries where there are few improved mechanical devices or methods of organization which can increase productivity to offset higher direct wages. But is easy to exaggerate the possible price effects, in fact, they have almost always been exaggerated in debates over minimum wage increases.

Suppose, however, that prices do go up. Does the consumer have no other interest than low prices?

As citizens I believe we have some other points of view and some other interest and obligations to consider.

The first of these is economic. We are interested in maintenance of supply. As consumers there is no point in cutting off our noses to spite our faces by so rejoicing in low prices that the producers of goods we need go out of business; for then prices will go up and stay up. I do not need to diagram this sentence for agriculture. It has been a central theme of agricultural policy - accepted by consumers who are city dwellers as well as by farmers - that the American agricultural establishment must be maintained to produce not only enough to provide year-to-year needs and to earn export dollars but also to maintain an adequate stock and to permit the U.S. to assist other nations in time of need. There have been times when we have supported agricultural policies which raised prices across the board to American consumers in order to guarantee prices to farmers. In other cases, we have supported income to agriculture through payments from the general revenues, derived from our incomes as taxpayers, with some consequent reduction in the spendable funds at our personal disposal.

The need to maintain supply can occur quite as well in industry and commerce as in agriculture. If it takes a given price to bring out a supply - whether it be labor or products - it will have to be paid or the supply will not be forthcoming. This is now true in some services where shortages of labor are quite directly connected with the prevailing low wages.

Another economic argument often used in support of minimum wages is that higher incomes bring higher purchasing power, widened markets, more business and greater strength for the economy. This was a leading argument in the 1930's. It is used today as it applies to those very disadvantaged people, who, because of inadequate incomes are not able to buy the bare necessities, much less to enjoy many products most Americans take for granted in their own standard of living.

But there is also a social interest - albeit with economic overtones - behind minimum wage proposals. It is a simple conviction that in the richest country in the world people who are employed should be paid a wage high enough to enable them to maintain at least a subsistence living and preferably something somewhat more than that. The fact of the matter is that many employed Americans are very poor.

In the poverty group, over half of the men under age 65 who were heads of families and one-fifth of the women worked full time in 1964. These figures are

from the latest and most careful categorization of "poverty" - not a \$3,000 cutoff. 1/

Those who live in poverty, because of inadequate basic earnings, become a charge upon the State and must be cared for in one way or another. A job and an adequate wage, I am sure we will all agree, is a far better way for people to live who are able and willing to work.

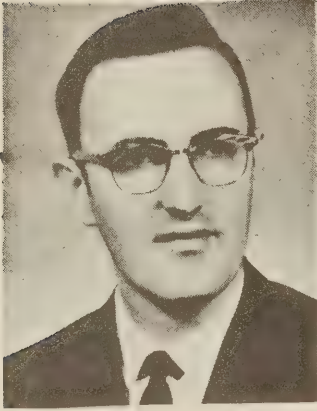
The case was put succinctly by the U.S. Supreme Court in West Coast Hotel vs. Parrish in 1937, a case involving minimum wages for women: "There is an additional and compelling consideration which recent economic experience has brought into a strong light, the exploitation of a class of workers who are in an unequal position ... is not only detrimental to their health and well-being but casts a direct burden for their support upon the community. What these workers lose in wages, the taxpayers are called upon to pay. The bare cost of living must be met."

This, like all social decisions, becomes a matter of alternatives. Given certain social and humanitarian objectives, how do we accomplish them? What are we prepared to pay as consumers, as taxpayers, as producers - and how may actions which might be taken affect the very people we seek to help? As consumers, it seems to me, we must be prepared to pay a fair price to avoid social and economic injustice.

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<sup>1/</sup> Source: Dimensions of Poverty in 1964. Office of Economic Opportunity  
October 1965.





## Summary

Gene McMurtry

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For the past two days we have discussed, argued, and I am sure most of us have been enlightened in terms of problems and possibilities in connection with labor and agriculture. The picture that comes through is one of change that will have a significant impact upon our dynamic and growing industry of agriculture. We have plenty of problems, but more opportunities than problems.

This conference was a first of its kind in that the U.S. Departments of Labor and Agriculture contributed jointly. Farmers and farm leaders representing Virginia, West Virginia, Tennessee, Kentucky, North Carolina, and Maryland have participated in this conference.

In pulling together the main ideas of this conference, the following thoughts stand out in my mind.

For many years there has been a transfer of manpower from farm to non-farm employment. Government, through its policies, has influenced geographic transfers of labor from farms. Farm population decreased by 25 million between 1940 and 1965. However, the South and Southwest are still characterized by a surplus of farm manpower which has contributed to underemployment on many farms. Thirty years of rapid technological improvements have caused substitution of capital for labor and a decline of more than 60% in farm man hours.

Over time farm labor has characteristically received low wages even though variations occur among states and regions. Low returns mean that farm people must choose among making adjustments and technological changes in farming; moving to non-farm occupations; or accepting still lower farm returns. Economic pressures make it necessary to increase output per hour of labor faster than many can, thus earnings decline on farms with few resources where adjustments have not been made. This results in severe underemployment and frequently poverty. Average income per capita of farm residents is less than 2/3 that of others. The abundance of farm production created downward pressures on farm prices and incomes.

While up substantially in recent years, farm wage rates are still much lower than in other occupations. Adjustments for cost of living increases show farm workers to be falling behind other workers. Farm workers receive less money wages, and fringe benefits. Wages paid to hired farm workers increase with farm size due to greater productivity. Significant headway needs to be made in reducing peak labor requirements.

On many farms the average person coming to work has little education and few of the skills required, therefore, considerable training is necessary for productivity. It is important to look at training needs as a means to improve the quality of farm labor. Rising farm wages and automation challenge an operator's management ability. Farm wage rates will continue to rise regardless of minimum wage provisions.

Welfare and economic opportunity programs are likely to increase the costs of marginal labor. Emphasis on training and retraining will increase mobility and non-farm alternatives. Human adjustment, and welfare problems of low income people on farms and in rural areas will be emphasized. The rural South has done a relatively poor job of educating and training its people. This is reflected in lower productivity, especially among those left behind by outmigration. Southern rural high schools have not met the demands imposed by changing job conditions. Studies have shown that job specifications by major Southern employers, and current high school curricula are not correlated. It was pointed out that political, emotional and often, selfish community pressures have kept rural high schools small and educationally impoverished.

Employment in the U.S. economy requires skills and training much higher than obtained by many rural youth. Manpower development training programs should be better utilized. Rapid growth in the labor force will create job scarcity for the poorly trained and less qualified individuals.

Predictions are that the U.S. will have around  $2\frac{1}{2}$  million farms by 1975, or 1.2 million less than in 1960. In the South the expected reduction is from 1.7 million farms in 1960 to 1 million by 1975. Between 1940 and 1960 farm population fell 50% in the U.S. and 60% in the South.

Studies show that farm wages would be 30% to 40% higher if comparable to non-farm wages. Commercial farmers expect some kind of return on their investment, yet perhaps only 15% obtain returns comparable to the average cost of obtaining capital.

Much time has been spent discussing farm policies and programs with little attention to labor opportunities among farm people. The need for a manpower policy for farm people was indicated by Dr. Bishop.

Until recently there has been little farm labor legislation benefiting farm workers. However, much labor legislation excludes them from coverage available to others. Now public awareness is focusing on problems of farm workers, particularly the migrants. Public Law 78 under which foreign workers enter the U.S. for farmwork was terminated December 31, 1964. Admissions of foreign workers for seasonal work in the U.S. declined 83% between 1964 and 1965. Meanwhile, average domestic seasonal work employment increased only 12%.

Some farm organizations say new legislative proposals give the Secretary of Labor unlimited power to fix wage rates and may, in effect, make him the sole labor contractor in the country. As a consequence, farmers would be forced to use the employment service. Through such legislation and administrative procedures unionization would be fostered among farm workers.

Many people pushing minimum wages believe that farm workers should have the same benefits and protections given other workers. Conditions of hired farm workers are said to be similar to those of other disadvantaged groups in that incomes are below needs, employment alternatives are few, skills are limited, and health and educational training are poor.



A minimum wage law removes the employer's option to pay less even though this may be acceptable to the worker and in keeping with his productivity. Furthermore, as the minimum wage increases, all wages tend to rise since those above the minimum expect increases. Unless labor efficiency offsets these wage increases the price of the goods or services will rise. Speakers from the Labor Department pointed out that seldom have minimum wages by themselves caused price rises and their appraisal should be in perspective with the other economic forces. It is argued that higher wages increase purchasing power, widen markets, and strengthen the overall economy. These arguments are applied to the income disadvantaged. There is also the humanitarian or social viewpoint on minimum wages.

Recently, activity concerned with organizing and unionizing farm labor has developed in those areas requiring large numbers of seasonal workers.

The unhappy situation of farmers having difficulty making ends meet is not unique to any particular type of farming. Paradoxically, here in the world's best fed nation, farmers say they cannot afford to pay higher wages. Farm programs during the last 30 years have increased returns to the land at a faster rate than returns to labor.

A reduced farm labor supply will not solve the chronic problems of the commercial farmers. The critical and scarce resource of the future will be the ability of management to solve labor problems.

The future belongs to those who prepare for it and if I can judge the consensus of our group, it is that we not only intend to prepare ourselves for the future, but we also intend to help shape that future. Those of us connected with agriculture must continue to be concerned with the attitude of Congress and the public. Public understanding of agriculture and the problems of labor within agriculture will continue to play an important part in the years ahead. The difficulties that we have explored in this conference will in all probability, increase rather than diminish.

Changes allow progress and the challenge that faces us is to direct the change along constructive and beneficial channels. The problem we have discussed is how to apply intelligent analysis to the problems of labor and agriculture without any fear of future direction. Knowledge will allow us to be flexible enough to permit wide adaptation to change and should allow us to provide greater service to farmers and rural people.

It has been a real pleasure to have you here in Virginia. Come back to see us again, soon!





